

REGULATION OPEN COMPETITION

"RISK MANAGEMENT FRAMEWORK"

(IDENTIFICATION NO RBR 2017/24)



Co-financed by the European Union
Connecting Europe Facility

2017

TABLE OF CONTENTS

1. General information	3
2. The rights of the procurement commission.....	3
3. The obligations of the procurement commission	4
4. The rights of the Tenderer	4
5. Subject-matter of the open competition	4
6. Tenderer.....	5
7. Selection criteria for Tenderers.....	5
8. Reliance on the capabilities of other persons.....	14
9. Subcontracting.....	14
10. Proposal (bid) security	15
11. Technical proposal	17
12. Financial proposal.....	16
13. Contents and form of the proposal.....	16
14. Encryption of proposal information	17
15. Submission of a proposal.....	17
16. Opening of proposals.....	17
17. Verification of technical proposals	18
18. Verification of financial proposals.....	17
19. Contract award criteria	18
20. Tenderer check prior to making the decision regarding the conclusion of the contract.....	18
21. Decision making, Announcement of results and entering into a contract.....	24
22. Annexes	25

REGULATION

1. GENERAL INFORMATION

- 1.1. The identification number of this open competition is No RBR 2017/24.
- 1.2. The applicable CPV codes are: 79410000-1 (Business and management consultancy services).
- 1.3. The contracting entity is joint stock company „RB Rail AS”, legal address: K.Valdemāra iela 8 - 7, Riga LV-1010, Latvia (hereinafter – **Contracting authority**).
- 1.4. The open competition is co-financed by the Latvian state and Connecting Europe Facility (CEF).
- 1.5. This open competition is organised in accordance with the Public Procurement Law of Latvia in effect on the date of publishing the contract notice.
- 1.6. This open competition is carried out using E-Tenders system which is subsystem of the Electronic Procurement System (<https://www.eis.gov.lv/EKEIS/Supplier>).
- 1.7. The open competition regulation and all its annexes (hereinafter – “**Regulations**”) are freely available at the E-Tenders system’s webpage <http://www.eis.gov.lv/EKEIS/Supplier> and the Internet webpage of the Contracting authority <http://www.railbaltica.org/tenders/>.
- 1.8. Amendments to the Regulation and answers to suppliers’ questions shall be published on the E-Tenders system’s webpage <http://www.eis.gov.lv/EKEIS/Supplier> and the Contracting authority’s Internet webpage <http://www.railbaltica.org/tenders/>. It is the supplier’s responsibility to constantly follow the information published on the webpages and to take it into consideration in its proposal.
- 1.9. Contact persons of the Contracting authority for this open competition:
 - (a) In administrative aspects of the open competition: procurement specialist-lawyer Elīna Saule, telephone +37126654433, e-mail address: elina.saule@railbaltica.org;
 - (b) In aspects concerning subject-matter of Procurement: Vija Vitola, e-mail address: vija.vitola@railbaltica.org.
- 1.10. The procurement commission and the supplier exchange information in writing in English or Latvian (accompanied by a translation in English), by sending documents electronically via e-mail or using E-Tenders system.
- 1.11. The supplier can request additional information regarding the Regulation. Additional information can be requested in writing, by sending it to the procurement commission electronically via e-mail or using E-Tenders system. Additional information must be requested in a timely fashion, so that the procurement commission can give it a reply no later than 6 (six) days prior to the deadline for proposal submission. The procurement commission shall provide additional information within 5 (five) business days from the day of receipt of the request.
- 1.12. The supplier covers all expenses, which are related to the preparation of the Proposal and its submission to the Contracting authority. The submitted proposals are not returned to the Tenderer, unless specifically envisaged in the Regulations.

2. THE RIGHTS OF THE PROCUREMENT COMMISSION

- 2.1. The procurement commission has the right to demand at any stage of the open competition that the Tenderer submits all or part of the documents which certify the Tenderer’s compliance to the requirements for the selection of tenderers. The procurement commission does not demand such documents or information which are already at its disposal or are available in public data bases.
- 2.2. If the Tenderer submits document derivatives (e.g. copies) and the authenticity of the submitted document derivation is in doubt, the procurement commission can demand that the Tenderer shows the original documents.

- 2.3. In the course of proposal assessment the procurement commission has the right to demand that the included information is clarified.

3. THE OBLIGATIONS OF THE PROCUREMENT COMMISSION

- 3.1. The procurement commission ensures the documentation of the process of the open competition procedure.
- 3.2. The procurement commission ensures free and direct electronic access to the open competition procedure documents in the E-Tenders system's webpage <https://www.eis.gov.lv/EKEIS/Supplier> and at the Internet webpage of the Joint-Stock Company RB Rail AS <http://www.railbaltica.org/tenders/>.
- 3.3. If an interested Tenderer has in a timely fashion in writing electronically requested additional information about the requirements included in open competition procedure documents regarding the preparation and submission of the Proposal or regarding the selection of Tenderers, the procurement commission provides a response electronically within 5 (five) business days, but not later than 6 (six) days before the deadline for submitting proposals. Simultaneously with sending this information to the supplier who had asked the question, the Contracting authority publishes this information on the E-Tenders system's webpage <https://www.eis.gov.lv/EKEIS/Supplier> and on its Internet webpage <http://www.railbaltica.org/tenders/>, where open competition procedure documents are available, indicating the question asked.
- 3.4. If the Contracting authority has amended the open competition procedure documents, it publishes this information in the Contracting Authority's profile on the E-Tenderer's system's webpage <https://www.eis.gov.lv/EKEIS/Supplier> and on the Contracting authority's Internet webpage <http://www.railbaltica.org/tenders/>, where open competition procedure documents are available, no later than 1 (one) day after the notification regarding the amendments has been submitted to Procurement Monitoring Bureau for publication.
- 3.5. The exchange and storage of information is carried out in such a way that all data included in the Proposals is protected and the Contracting authority can check the content of the Proposals only after the expiration of the deadline for their submission. In time between the day of the submission of Proposals till the moment of opening thereof the Contracting authority does not disclose information regarding the existence of other Proposals. In the time period of Proposal assessment till the moment of the announcement of the results the Contracting authority does not disclose information regarding the assessment process.
- 3.6. The procurement commission assesses the Tenderers and their submitted Proposals based on the Public Procurement Law, open competition procedure documents, as well as other regulatory enactments.
- 3.7. If the procurement commission determines that the information about the Tenderer, its subcontractors and persons upon whose capabilities the Tenderer is relying that is included in the submitted documents is unclear or incomplete, it demands that the Tenderer or a competent institution clarifies or expands the information included in the Proposal. The deadline for submission of the necessary information is determined in proportion to the time which is required in order to prepare and submit such information. If the procurement commission has demanded to clarify or expand upon the submitted documents, but the Tenderer has not done this in accordance with the requirements stipulated by the procurement commission, the procurement commission is under no obligation to repeatedly demand that the information included in these documents be clarified or expanded upon.
- 3.8. The procurement commission prepares a report on the open competition procedure and publishes it in Contracting authority's profile on the E-Tenders system's webpage <https://www.eis.gov.lv/EKEIS/Supplier> and on the Contracting authority's webpage <http://www.railbaltica.org/tenders/> within 5 (five) business days from day when the decision about the results of the open competition is taken.

4. THE RIGHTS OF THE TENDERER

- 4.1. To submit Tenderer's Electronic Procurement System registration documents (if the tenderer is not registered in Electronic Procurement System) in State Regional Development

Agency (please see information here <http://www.railbaltica.org/procurement/E-Tenderers-system/>).

- 4.2. The Tenderer can request and within 3 (three) business days after submitting the request receive a copy of the Proposal opening sheet, which is an Annex to the Proposal opening meeting minutes.
- 4.3. If the Contracting authority gets the necessary information about the Tenderer directly from a competent institution, through data bases or other sources, the Tenderer in question has the right to submit a statement or a different document regarding the corresponding fact, if the information obtained by the Contracting authority does not conform to the factual situation.
- 4.4. If a Tenderer believes that its rights have been violated or such violation is possible due to possible violation of the regulatory enactments of the European Union or other regulatory enactments, the Tenderer has the right to submit a complaint to the Procurement Monitoring Bureau according to the procedure stipulated in the Latvian Public Procurement Law regarding the Tenderer selection requirements, technical specifications or other requirements relating to this open competition, or relating to the activities by the Contracting authority or the procurement commission during the open competition procedure.
- 4.5. In addition, a registered user of the Electronic Procurement System can also register as recipient of Regulations: please refer to details on the website: <https://www.eis.gov.lv/EIS/Publications/PublicationView.aspx?PublicationId=883>.

5. SUBJECT-MATTER OF THE OPEN COMPETITION

- 5.1. The objective of the present procurement is to develop a Risk Management manual ("the Manual"), including strategy, policy and procedures. Detailed information is provided in Technical Specification (Annex 2).
- 5.2. The consulting services for the preparation of study will be provided in Latvia.

6. TENDERER

- 6.1. The proposal can be submitted by:
 - 6.1.1. A supplier, who is a legal or natural person (hereinafter – Tenderer) and who complies with the selection criteria for tenderers;
 - 6.1.2. A group of suppliers (hereinafter also – Tenderer, partnership) that complies with the selection criteria for tenderers:
 - (a) A group of suppliers who have formed a partnership for this particular open competition. In this case all the members of the partnership shall be listed in Annex 1 "Application form". If it will be decided to award contracting rights to such partnership, then prior to concluding the Contract the partnership shall at its discretion either enter into a partnership agreement (within the meaning of Latvian Civil Law Sections 2241-2280) and shall submit one copy of this agreement to the Contracting authority or establish a general or limited partnership (within the meaning of Latvian Commercial Law, Chapter IX and X) and notify the Contracting authority in writing.
 - (b) An established and registered partnership (a general partnership or a limited partnership, within the meaning of Latvian Commercial Law, Chapter IX and X) (hereinafter also – Tenderer) which complies with the selection criteria for tenderers.

7. SELECTION CRITERIA FOR TENDERERS

7.1. Exclusion grounds

The contracting authority shall exclude the tenderer from further participation in the open competition in any of the following circumstances:

No	Requirement	Documents to be submitted
1.	<p>Within previous 3 (three) years before submission of the Proposal the Tenderer or a person who is the tenderer's board or council member, person with representation rights or a procura holder, or a person who is authorised to represent the Tenderer in operations in relation to a branch, has been found guilty of or has been subjected to coercive measures for committing any of the following criminal offences by such a public prosecutor's order regarding punishment or a court judgement that has entered into force and may not be challenged and appealed:</p> <p>a) establishment, management of, involvement in a criminal organisation or in an organised group included in the criminal organisation or other criminal formation, or participation in criminal offences committed by such an organisation,</p> <p>b) bribe-taking, bribery, bribe misappropriation, intermediation in bribery, unauthorised participation in property transactions, taking of prohibited benefit, commercial bribing, unlawful claiming of benefits, accepting and providing of benefits, trading influences,</p> <p>c) fraud, misappropriation or money-laundering,</p> <p>d) terrorism, terrorism funding, calling to terrorism, terrorism threats or recruiting and training a person in performance of acts of terrorism,</p> <p>e) human trafficking,</p> <p>f) evasion from payment of taxes and similar payments.</p>	<ul style="list-style-type: none"> - For a Tenderer and a person who is the tenderer's board or council member, person with representation rights or a procura holder, or a person who is authorised to represent the Tenderer in operations in relation to a branch, which are registered or residing in Latvia, the Contracting authority shall verify the information itself in publicly available databases. - For a Tenderer and a person who is the tenderer's board or council member, person with representation rights or a procura holder, or a person who is authorised to represent the Tenderer in operations in relation to a branch, which are registered or residing outside of Latvia the Tenderer should submit an appropriate statement from the competent authority of the country of registration or residence.
2.	<p>It has been detected that on the last day of Proposal submission term or on the day when a decision has been made on possible granting of rights to conclude the procurement contract, the Tenderer has tax debts in Latvia or a country where it has been incorporated or is permanently residing, including debts of mandatory state social insurance contributions exceeding 150 euro in total in any of the countries.</p>	<ul style="list-style-type: none"> - For a Tenderer and a person who is the tenderer's board or council member, person with representation rights or a procura holder, or a person who is authorised to represent the Tenderer in operations in relation to a branch, which are registered or residing in Latvia, the Contracting authority shall verify the information itself in publicly available databases. - For a Tenderer and a person who is the tenderer's board or council member, person with representation rights or a procura holder, or a person who is authorised to represent the Tenderer in operations in relation to a branch, which are registered or residing outside of Latvia the Tenderer should submit an

No	Requirement	Documents to be submitted
		appropriate statement from the competent authority of the country of registration or residence.
3.	Tenderer's insolvency proceedings have been announced, the tenderer's business activities have been suspended, the tenderer is under liquidation.	<ul style="list-style-type: none"> - For a Tenderer and a person who is the tenderer's board or council member, person with representation rights or a procura holder, or a person who is authorised to represent the Tenderer in operations in relation to a branch, which are registered or residing in Latvia, the Contracting authority shall verify the information itself in publicly available databases. - For a Tenderer and a person who is the tenderer's board or council member, person with representation rights or a procura holder, or a person who is authorised to represent the Tenderer in operations in relation to a branch, which are registered or residing outside of Latvia the Tenderer should submit an appropriate statement from the competent authority of the country of registration or residence.
4.	<p>A person who drafted the procurement procedure documents (contracting authority's official or employee), procurement commission member or expert is related to the tenderer, or is interested in selection of some tenderer, and the contracting authority cannot prevent this situation by measures that cause less restrictions on tenderers. A person who drafted the procurement procedure documents (contracting authority's official or employee), procurement commission member or expert is presumed to be related to the tenderer in any of the following cases:</p> <ul style="list-style-type: none"> - If he or she is a current or and ex-employee, official, shareholder, procura holder or member of a tenderer or a subcontractor which are legal persons and if such relationship with the legal person terminated within the last 24 months. - If he or she is the father, mother, grandmother, grandfather, child, grandchild, adoptee, adopter, brother, sister, half-brother, half-sister or spouse (hereinafter – relative) of a tenderer's or subcontractor's, which is a legal person, shareholder who owns at least 10% of the shares in a joint-stock company, shareholder in a 	No obligation to submit documents, unless specifically requested by the procurement commission.

No	Requirement	Documents to be submitted
	<p>limited liability company, procure holder or an official.</p> <ul style="list-style-type: none"> - If he or she is a relative of a tenderer or a subcontractor which is a natural person. <p>If the tenderer is a partnership, consisting of natural or legal persons, a relation to the tenderer is presumed also if a person who drafted the procurement procedure documents (contracting authority's official or employee), procurement commission member or expert is related to a member of a partnership in any of the above mentioned ways.</p>	
5.	<p>The tenderer has an advantage that limits competition in the procurement procedure if it or its related legal person consulted the contracting authority or otherwise was involved in preparing the open competition, and the advantage cannot be prevented by less restrictive measures, and the tenderer cannot prove that its or its related legal person's participation in preparing the procurement procedure does not restrict competition.</p>	<p>No obligation to submit documents, unless specifically requested by the procurement commission.</p>
6.	<p>Within previous 12 (twelve) months before submission of the Proposal, by such a decision of a competent authority or a court judgment which has entered into force and may not be challenged and appealed, the tenderer has been found guilty of violating competition laws manifested as a horizontal cartel agreement, except for the case when the relevant authority, upon detecting violation of competition laws, has released the tenderer from a fine or has decreased the fine for cooperation within a leniency program.</p>	<ul style="list-style-type: none"> - For a Tenderer and a person who is the tenderer's board or council member, person with representation rights or a procura holder, or a person who is authorised to represent the Tenderer in operations in relation to a branch, which are registered or residing in Latvia, the Contracting authority shall verify the information itself in publicly available databases. - For a Tenderer and a person who is the tenderer's board or council member, person with representation rights or a procura holder, or a person who is authorised to represent the Tenderer in operations in relation to a branch, which are registered or residing outside of Latvia the Tenderer should submit an appropriate statement from the competent authority of the country of registration or residence.
7.	<p>Within previous 3 (three) years before submission of the Proposal, by such a decision of a competent authority or a court judgment which has entered into force and may not be challenged and appealed, the tenderer has been found guilty of a violation manifested as employment of one or more persons which do not possess the required</p>	<ul style="list-style-type: none"> - For a Tenderer and a person who is the tenderer's board or council member, person with representation rights or a procura holder, or a person who is authorised to represent the Tenderer in operations in relation to a branch, which are registered or residing in Latvia, the Contracting

No	Requirement	Documents to be submitted
	employment permit or if it is illegal for such persons to reside in a Member State of the European Union.	<p>authority shall verify the information itself in publicly available databases.</p> <ul style="list-style-type: none"> - For a Tenderer and a person who is the tenderer's board or council member, person with representation rights or a procura holder, or a person who is authorised to represent the Tenderer in operations in relation to a branch, which are registered or residing outside of Latvia the Tenderer should submit an appropriate statement from the competent authority of the country of registration or residence.
8.	Within previous 12 (twelve) months before submission of the Proposal, by such a decision of a competent authority or a court judgment which has entered into force and may not be challenged and appealed, the tenderer has been found guilty of a violation manifested as employment of a person without a written employment contract, by failing within the term specified in regulatory enactments to submit an informative employee declaration regarding this person, which must be submitted about persons, who start working;	<ul style="list-style-type: none"> - For a Tenderer and a person who is the tenderer's board or council member, person with representation rights or a procura holder, or a person who is authorised to represent the Tenderer in operations in relation to a branch, which are registered or residing in Latvia, the Contracting authority shall verify the information itself in publicly available databases. - For a Tenderer and a person who is the tenderer's board or council member, person with representation rights or a procura holder, or a person who is authorised to represent the Tenderer in operations in relation to a branch, which are registered or residing outside of Latvia the Tenderer should submit an appropriate statement from the competent authority of the country of registration or residence.
9.	The tenderer has provided false information to prove its compliance with provisions of this Section 7.1, or has not provided the required information at all.	No obligation to submit documents, unless specifically requested by the procurement commission.

7.2. Legal standing and suitability to pursue the professional activity

No	Requirement	Documents to be submitted
1.	The Tenderer or all members of the partnership (if the Tenderer is a partnership) must be registered in the Registry of Enterprises or Registry of Inhabitants, or an equivalent register in their country of residence, if the legislation of the respective country requires registration of natural or legal persons.	<ul style="list-style-type: none"> - For a Tenderer which is a legal person (or a member of a partnership, a person on whose abilities a Tenderer relies, a subcontractor whose share of work is equal to or exceeds 10% of the contract value) registered in Latvia the Contracting authority shall verify the information itself in publicly available databases. - For a Tenderer which is a natural person (or a member of a partnership, a person on whose abilities a Tenderer relies, a subcontractor whose share of work is equal to or exceeds 10% of the contract value) – a copy of an identification card or passport. - For a Tenderer (or a member of a partnership, a person on whose abilities a Tenderer relies, a subcontractor whose share of work is equal to or exceeds 10% of the contract value) which is a legal person registered abroad (with its permanent place of residence abroad) – a copy of a valid registration certificate or a similar document issued by a foreign authority in charge of the registration of legal persons in the country of their residence wherefrom at least the fact of registration, shareholders, officials and procura holders (if any) can be determined. - If a proposals is submitted by a partnership, the Proposal shall include an agreement (or letter of intention to enter into agreement) signed by all members on the participation in the procurement, which lists responsibilities of each and every partnership members and a joint commitment to fulfil the procurement contract, and which authorises one key member to sign the proposal and other documents, to receive and issue orders on behalf of the partnership members, and with whom all payments will be made. - If the Proposal or any other document, including any agreement, is not signed by the legal representative of the Tenderer, members of the partnership, person on whose capabilities the Tenderer relies or sub-contractors, then a document certifying the rights of the persons who have signed the Proposal or any other documents, to represent the

	<p>Tenderer, a member of the partnership, a person on whose capabilities the Tenderer is relying, or a sub-contractor (powers of attorney, authorization agreements etc.) must be included.</p>
<p>2. The representative of the Tenderer, a member of a partnership, a person on whose abilities a Tenderer relies, a subcontractor whose share of work is equal to or exceeds 10% of the contract value, who has signed documents contained in the proposal, has the right of signature, i.e., it is an official having the right of signature or a person authorized by the Tenderer or a member of a partnership, or a person on whose abilities a Tenderer relies, or a subcontractor whose share of work is equal to or exceeds 10% of the contract value.</p>	<ul style="list-style-type: none"> - A document confirming the right of signature (representation) of the representative of the Tenderer, or a member of a partnership, or a person on whose abilities a Tenderer relies, who signs the proposal. For a Tenderer which is a legal person (or a member of a partnership), a person on whose abilities a Tenderer relies, registered in Latvia the Contracting authority shall verify the information itself in publicly available databases. - If the Proposal or any other document, including any agreement, is not signed by the legal representative of the Tenderer, members of the partnership, person on whose capabilities the Tenderer relies or sub-contractors, then a document certifying the rights of the persons who have signed the Proposal or any other documents, to represent the Tenderer, a member of the partnership, a person on whose capabilities the Tenderer is relying, or a sub-contractor (powers of attorney, authorization agreements etc.) must be included. - If the Tenderer, or a member of a partnership, or a person on whose abilities a Tenderer relies, submits a power of attorney (original or a copy certified by the Tenderer) there shall be additionally submitted documents confirming that the issuer of the power of attorney has the right of signature (representation) of the Tenderer.
<p>3. The Tenderer should have a valid Professional risk indemnity insurance with limit of liability of at least 10 000 000,00 EUR (ten million <i>euro</i>) per claim and policy period and with extended reporting period 5 (five) years.</p>	<ul style="list-style-type: none"> - A copy of a valid professional indemnity insurance policy.

7.3. Economic and financial standing

No	Requirement	Documents to be submitted
1.	<p>The Tenderer's or all members' of the partnership together (if the Tenderer is a partnership), average annual financial turnover within last 3 (three) years (2014, 2015, 2016) is not less than 250 000,00 EUR (two hundred fifty thousand euro) per year.</p> <p>In the event the yearly average annual financial turnover of a limited liability member of a limited partnership (within the meaning of Latvian Commercial Law, Chapter X) exceeds its investment in the limited partnership, the average annual financial turnover shall be recognised in the amount of the investment in the limited partnership.</p> <p>In the event the Tenderer or a member of a partnership (if the Tenderer is a partnership) has operated in the market for less than 3 (three) years, the requirement shall be met during the Tenderer's actual operation period.</p>	<ul style="list-style-type: none"> - Audited yearly reports for fiscal years 2014, 2015, 2016 showing the turnover of the Tenderer. - For a limited partnership (within the meaning of Latvian Commercial Law, Chapter X) an additional document evidencing the amount of the investment by the limited liability partner (the partnership agreement or a document with a similarly binding legal effect).
2.	<p>The Tenderer or all members' of the partnership together (if the Tenderer is a partnership) shall have stable financial and economic performance, namely, in the previous audited year Tenderer's liquidity ratio (current assets divided by short-term liabilities) shall be equal to or exceed 1 and the Tenderer shall have positive equity.</p>	<ul style="list-style-type: none"> - Audited yearly reports for fiscal years 2014, 2015, 2016 showing the balance.

7.4. Team of key experts

No	Requirement	Documents to be submitted
1.	<p>The Tenderer should propose a team consisting of the project manager and experts meeting the following general criteria:</p> <ul style="list-style-type: none"> - all team members should have at least bachelor's degree (BA, BS) of education or equal in engineering, management, economics, finance or legal; - all team members should have English language skills (at least C1 Level – based on Common European Framework of Reference for Languages¹) in communication, presentation and report writing. <p>The number of the proposed experts by the Tenderer is not limited (it does not apply to project manager).</p>	<ul style="list-style-type: none"> - information about each expert, filled in Annex 6 and signed by the relevant expert. - A copy of a diploma proving relevant level of education.

¹ see <http://europass.cedefop.europa.eu/resources/european-language-levels-cefr>

2.	<p>Project manager within the previous 5 (five) years (2012, 2013, 2014, 2015, 2016 including 2017) until the date of submission of the Proposal:</p> <ul style="list-style-type: none"> - has completed at least 1 (one) railway infrastructure substantial risk assessment project with CAPEX at least 100 000 000,00 EUR (one hundred million euro) in a position as a leading project manager; - has completed at least 2 (two) transport infrastructure substantial risk assessment projects with CAPEX at least 100 000 000,00 EUR (one hundred million euro) in a position as a leading project manager. 	- Filled in and signed Annex 6.
3.	<p><u>Each expert must have experience</u> within the previous 5 (five) years (2012, 2013, 2014, 2015, 2016 including 2017) until the date of submission of the Proposal <u>at least in one of the following criteria – a or b (all experts together must cover all indicated experience – a and b):</u></p> <ul style="list-style-type: none"> a) experience in Enterprise risk management and Project risk management, including project risk quantification and developing risk governance strategy, policies and procedures; b) experience covering expertise in analysing and advising on risks insurability, different classes of insurance applicable to the whole cycle of construction process. 	- Filled in and signed Annex 6.
4.	<p>Within the previous 5 (five) years (2012, 2013, 2014, 2015, 2016 including 2017) until the date of submission of the Proposal <u>each of the proposed experts must have experience in at least 1 (one) substantial risk assessment project covering one of these fields (all experts together must cover all of indicated fields):</u></p> <ul style="list-style-type: none"> a) Public procurement; b) Public grants (funds, subsidies etc.); c) environmental protection; d) construction matters. 	- Filled in and signed Annex 6.

7.5. Notices and other documents, which are issued by Latvian competent institutions, are accepted and recognized by the procurement commission, if they are issued no earlier than 1 (one) month prior to the date of opening of the Proposals. Notices and other documents, which are issued by foreign competent institutions, are accepted and recognized by the procurement commission, if they are issued no earlier than 6 (six) month prior to the date of opening of Proposals.

7.6. If the documents, with which a Tenderer registered or permanently residing abroad can certify its compliance with the requirements of Section 7.1, are not issued or these documents are insufficient, such documents can be replaced with an oath or, if the regulatory enactments of the country in question do not allow for an oath, - with a certification by the Tenderer or by another person mentioned in Section 7.1(1) before a competent executive governmental or judicial institution, a sworn notary or a competent organization of a corresponding industry in their country of registration (permanent residence).

7.7. If the Tenderer complies with any of the exclusion grounds mention in Section 7.1 (except tax debts), the Tenderer indicates this fact in Annex 1.

- 7.8. The Tenderer, in order to certify that it complies with the selection criteria for Tenderers, may submit the European single procurement document as initial proof. This document must be submitted in paper format, and for each person upon whose capabilities the Tenderer relies, and for each of their indicated subcontractors, the share of whose work is equal to or exceeds 10 % (ten per cent) of the value of the Contract, but if the Tenderer is a partnership – for each member thereof. In order to fill in the European single procedure document the Tenderer uses the "ESPD.xml" file at the Internet webpage <https://ec.europa.eu/growth/tools-databases/espd/filter?lang=lv#>.

8. RELIANCE ON THE CAPABILITIES OF OTHER PERSONS

- 8.1. For the fulfilment of the specific contract, in order to comply with the selection requirements for the Tenderers relating to the economic and financial standing and technical and professional ability (including regarding the team of key experts), the Tenderer may rely upon the capabilities of other persons, regardless of the legal nature of their mutual relationship. In this case:
- 8.1.1. The Tenderer indicates in the Proposal all persons upon whose capabilities it relies by filling in the table which is attached as Annex 3 and proves to the Contracting authority that the Tenderer shall have available all the necessary resources for the fulfilment of the contract, by submitting a signed confirmation or agreement on cooperation and/or passing of resources to the Tenderer between such persons and the Tenderer. The confirmations and agreements on cooperation and passing of resources can be replaced by the Tenderer with any other type of documents with which the Tenderer is able to prove that the necessary resources will be available to the Tenderer and will be used during the term of fulfilment of the contract.
- 8.1.2. Documents on cooperation and passing of resources have to be sufficient to prove to the Contracting authority that the Tenderer will have the ability to fulfil the contract, as well as that during the validity of the contract the Tenderer will in fact use the resources of such person upon whose capabilities the Tenderer relies.
- 8.1.3. The Contracting authority may require joint and several liability for the execution of the Contract between the tenderer and a person on whose capabilities the Tenderer is relying.
- 8.2. The Contracting authority shall evaluate the person, on whose capabilities the Tenderer to whom the rights to conclude the Contract should be assigned is relying. In case such person will comply with any of the exclusion grounds which are mentioned in Section 7.1(1) to 7.1(8), the Contracting authority shall request the Tenderer to change such person. If the Tenderer shall not submit documents about another person which complies with the selection criteria within 10 (ten) business days from the date when the request was issued or sent to the Tender, the Contracting authority shall exclude such Tenderer from further participation in the open competition.

9. SUBCONTRACTING

- 9.1. The Tenderer shall indicate in the Proposal all subcontractors of the Tenderer by filling in the table which is attached as Annex 4.
- 9.2. The Contracting authority shall evaluate the subcontractor, whose share of work is equal to or exceeds 10% of the Contract price, of the Tenderer to whom the rights to conclude the Contract should be assigned. In case such subcontractor will comply with any of the exclusion grounds which are mentioned in Section 7.1(2) to 7.1(8), the Contracting authority shall request the Tenderer to change such subcontractor. If the Tenderer does not submit documents about another subcontractor that complies with the selection criteria within 10 (ten) business days from the date when the request was issued or sent to the Tender, the Contracting authority shall exclude such Tenderer from further participation in the open competition.

10. PROPOSAL (BID) SECURITY

- 10.1.** The Tenderer along with the Proposal shall submit a proposal (bid) security in the amount of **2000,00 EUR** (two thousand *euro*) (hereinafter – Security) that should be valid 90 (ninety) days from the day of opening of the Proposal.
- 10.2.** The Security may be:
 - 10.2.1.** A bank guarantee;
 - 10.2.2.** An insurance policy.
- 10.3.** The bank guarantee must comply with the following requirements:
 - 10.3.1.** The guarantor must pledge to pay the Contracting authority the sum of the Security in cases stipulated in Section 10.7.
 - 10.3.2.** The guarantee must be in force for the term stipulated in Section 10.6;
 - 10.3.3.** The guarantee must be irrevocable;
 - 10.3.4.** The Contracting authority shall not be obliged to demand the Security from the Tenderer prior to submitting the request to the guarantor;
 - 10.3.5.** The Uniform Rules for Demand Guaranties, ICC Publication No.758, issued by the International Chamber of Commerce (ICC), are applicable to the guarantee, but in matters which are not regulated by the aforementioned International Chamber of Commerce (ICC) Rules, the regulatory enactments of the Republic of Latvia are applicable to the guarantee. Claims and disputes in relation to this guarantee shall be examined in the court of the Republic of Latvia, in accordance with the laws of the Republic of Latvia.
- 10.4.** The insurance policy must comply with the following requirements:
 - 10.4.1.** The insurer must pledge to pay the Company the sum of the Security in cases stipulated in Section 10.7.
 - 10.4.2.** The insurance policy must be in force for the term stipulated in Section 10.6 and be subject to realization from the opening of the Proposal, that is, the insurance premium must be paid by the moment of submitting the Proposal, which is proved by a payment certificate enclosed to the Proposal;
 - 10.4.3.** The insurance policy must pledge to pay the Contracting authority the sum of the Security in cases stipulated in Section 10.7.
 - 10.4.4.** The insurance policy must be irrevocable;
 - 10.4.5.** The Contracting authority shall not be obliged to demand the Security from the Tenderer prior to submitting the request to the insurer;
 - 10.4.6.** Claims and disputes in relation to this insurance policy shall be examined in the court of the Republic of Latvia in accordance with the laws of the Republic of Latvia.
- 10.5.** If the Tenderer is a partnership, then the Security must be formalized in such a way that it applies to all the members of the Tenderer (the name of the Tenderer in the Security must be the same as the name of the Tenderer in the proposal).
- 10.6.** The Security shall be in force for the shortest of the terms listed below:
 - 10.6.1.** the term of validity of the Security stipulated in Section 10.1;
 - 10.6.2.** until the Contract is concluded.
- 10.7.** Upon request of the Contracting authority the Security giver shall pay the sum of the Security to the Contracting authority, if:
 - 10.7.1.** the Tenderer revokes its Proposal while the Security is in force,
 - 10.7.2.** The selected Tenderer fails to submit necessary documents and requested contract performance security,
 - 10.7.3.** the Tenderer, whose Proposal is selected in accordance with the contract award criteria, does not sign the Contract in the term stipulated by the Contracting authority.
- 10.8.** After the Security shall lose its force it shall be returned to the Tenderer subject to a request by the Tenderer.

- 10.9. The Security document shall be submitted together with the Proposal (in E-Tenders system) as electronic document signed by secure electronic signature or as approved copy of the Security document.
- 10.9.1. If together with the Proposal a copy of the Security document will be submitted, the Tenderer has to submit the original of the Security document before the deadline of the proposal submission 22.01.2018, 14:00 o'clock) by post or personally to the address: RB Rail AS, Kr. Valdemara iela 8 - 7, Riga, LV-1010. Original of the Proposal (Bid) security document has to be submitted in a glued up envelope, on which it shall be indicated: "Proposal (Bid) security for the open competition "Risk management framework" No RBR 2017/24". The name, address and telephone number of the Tenderer shall be specified on the envelope.
- 10.9.2. If the Tenderer fails to submit legally binding original of the Security document according to these regulations, the procurement commission excludes the Tenderer from participation in the open competition.
11. **TECHNICAL PROPOSAL**
- 11.1. Tenderer's shall submit technical proposal in accordance with Annex No 2 "Technical specification", including all the necessary information as described in Section 19.7 of the Regulations.
12. **FINANCIAL PROPOSAL**
- 12.1. The Financial proposal shall be submitted as part of Annex 1.
- 12.2. The proposed contract price shall be determined in euro without value added tax (hereinafter – VAT).
- 12.3. The proposed contract price is to be calculated and indicated with an accuracy of 2 (two) decimal places after comma. If more than 2 (two) decimal places after comma are indicated, then only the first two decimal places will be taken into account.
- 12.4. The proposed contract price shall include all taxes, fees and payments, and all costs related to the fulfilment of the specific work that can be reasonably estimated, except VAT.
- 12.5. The prices are fixed for all the term of the fulfilment of the Contract and are not recalculated, except in cases stipulated in the Contract (if any).
13. **CONTENTS AND FORM OF THE PROPOSAL**
- 13.1. The documents shall be included in the proposal in the following order (hereinafter – **Proposal**):
 - 13.1.1. Separately from other documents: the original document of the Security.
 - 13.1.2. Title page with title "Risk Management Framework" Id No 2017/24", name, address and contact information of the Tenderer;
 - 13.1.3. The table of contents with page numeration.
 - 13.1.4. Application (financial proposal) in accordance with Annex 1.
 - 13.1.5. Information and documents confirming compliance of the Tenderer with the selection criteria for the Tenderers, or the corresponding European single procurement documents.
 - 13.1.6. Information and documents relating to entities on whose capabilities the Tenderer is relying, or the corresponding European single procurement documents.
 - 13.1.7. Information and documents relating to subcontractors and/or or the corresponding European single procurement documents.
 - 13.1.8. Tenderer's offered project manager and expert's applications (Annex No 5) separately for every expert.
 - 13.1.9. Technical proposal prepared in accordance with Section 11.

- 13.2. The Tenderer is not permitted to submit variants of the Proposal. If variants of the Proposal shall be submitted, the Proposal will not be reviewed.
- 13.3. The Tenderer may submit a Proposal only for the whole subject matter of the open competition in total.
- 13.4. The Tenderer shall submit a Proposal sewn or bound together, the loose ends of the ribbon fixed so that they cannot be opened without damaging the fixation, upon which the Tenderer must confirm with a signature the number of pages contained in the Proposal.
- 13.5. The Proposal must be submitted in written form in English or Latvian (if submitted in Latvian, translation in English of the Proposal must be submitted).
- 13.6. The Tenderer shall submit 1 (one) signed Original, 1 (one) Copy and a digital format (USB format files being in MS Office format or PDF format) copy of the Proposal.
- 13.7. The Proposal may contain original documents or their derivatives (e.g. copies). In the proposal or in reply to a request of the procurement commission the Tenderer shall submit only such original documents which have legal force. For the document to gain legal force it has to be issued and formatted in accordance with the Law on Legal Force of Documents, but public documents issued abroad shall be formatted and legalized in accordance with the requirements of the Document Legalization Law. When submitting the Proposal, the Tenderer has the right to certify the correctness of all submitted documents' derivatives and translations with one certification.
- 13.8. The Proposal must be signed by a person who is legally representing the Tenderer or is authorized to represent the Tenderer in this open competition procedure.
- 13.9. The Tenderer shall prepare Proposal in electronic form using the E-Tenderers system available at <http://www.eis.gov.lv/>.
- 13.10. The Proposal shall be valid for 90 (ninety) days from the day of opening (deadline for submission) of the Proposal.

14. ENCRYPTION OF THE PROPOSAL INFORMATION

- 14.1. E-Tender system which is subsystem of the Electronic Procurement System ensures first level encryption of the information provided in the proposal documents.
- 14.2. If the Tenderer applied additional encryption to the information in the proposal (according to Section 13.1), Tender has to provide Procurement Commission with electronic key with the password to unlock the information not later than in 15 (fifteen) minutes after deadline of the proposal submission.

15. SUBMISSION OF A PROPOSAL

- 15.1. Proposal (documents referred to in the Section 12) shall be submitted electronically using the tools offered by the E-Tenderers system available at <http://www.eis.gov.lv/> till 22 January 2018, 14:00 o'clock.
- 15.2. The Tenderer may recall or amend its submitted Proposal before the expiry of the deadline for the submission of Proposals by using the tools offered by E-Tenders system.
- 15.3. Only Proposals submitted to the E-Tenderers system will be accepted and evaluated for participation in the procurement procedure. Any Proposal submitted outside the E-Tenders system will be declared as submitted in a non-compliant manner and will not participate in the procurement procedure.

16. OPENING OF PROPOSALS

- 16.1. The Proposals will be opened in the E-Tenders system during the open meeting at 14:00 o'clock on 22 January, 2018. It is possible to follow the opening of submitted proposals online in the E-Tenders system.

- 16.2. The Proposals are opened by using the tools offered by E-Tenders system, the proposed price and other information that characterizes the Proposal (excluding confidential information) shall be published in E-Tenders system.
- 16.3. The information regarding the Tenderer, the time of Proposal submission, the proposed price and other information that characterizes the Proposal is generated at the opening of the proposals by E-Tenders system and written down in the Proposal opening sheet, which shall be published in E-Tenders system and Contracting authorities web page.

17. VERIFICATION OF TECHNICAL PROPOSAL

- 17.1. The procurement commission analyses Proposals of the Tenderers and selects only those, which meet all qualification requirements.
- 17.2. The Procurement commission verifies whether the submitted Technical proposals comply with the requirements stipulated in Section 11 of the Regulations and selects for further evaluation the compliant Technical proposals.

18. VERIFICATION OF FINANCIAL PROPOSALS

- 18.1. The procurement commission verifies whether Tenderers have completed Annex 1 "Application form" in accordance with the requirements.
- 18.2. The procurement commission verifies whether there are any arithmetical errors, whether an abnormally low Proposal has been received, as well as assesses and compares the contract prices proposed.
- 18.3. The procurement commission informs the Tenderer whose mathematical errors have been corrected about the correction of mathematical errors and the corrected financial proposal.
- 18.4. When evaluating the financial proposal, the procurement commission takes corrections into account.
- 18.5. The procurement commission has the right to demand that the Tenderer explains the calculation upon which the financial proposal is based and other related aspects in order to ascertain the objectivity of the financial proposal and whether an abnormally low Proposal has been submitted.
- 18.6. The procurement commission further evaluates the compliant Proposals, which have not been declared as abnormally low proposals.

19. CONTRACT AWARD CRITERIA

- 19.1. The Contract shall be awarded and the winner of the open competition shall be the Tenderer who has submitted the most economically advantageous Tender.
- 19.2. Evaluation criteria in order of significance:
 - 19.2.1. Quality of the Technical proposal: 60%;
 - 19.2.2. Price: 40%.
- 19.3. The Tenders shall be evaluated independently by each member of the Commission in accordance with the Tender evaluation methodology stipulated further in the Invitation.
- 19.4. Evaluation methodology:
 - 19.4.1. The Tender evaluation criterion is the most economically advantageous tender, according to the evaluation methodology described in the paragraphs below.
 - 19.4.2. The most advantageous Tender shall be the Tender which will receive the highest total score for the following criteria:

Evaluation criteria:		Points:
19.4.2.1.	Quality of the Technical proposal , which will be evaluated in accordance with Section 19.5 and 19.7:	
	(i) Risk register stage	(max 30 points)
	• Identification of risks	6
	• Assessment of risks	6
	• Mapping	6
	• Assignment of risks	6
	• Risk controls and mitigation measures	6
	(ii) Policy development stage	(max 30 points)
	• Risk management policy	10
	• Risk management strategy	10
	• Risk management procedure	10
19.4.2.2.	Financial proposal , which will be evaluated in accordance with Section 19.6	(max 40 points)
19.4.2.3.	Total	100

19.5. Evaluation of the quality of the Technical proposal

18.5.1. Quality of the proposals will be evaluated by comparing the proposals to the following criteria:

No	Level of details
1	Highly Detailed - the Tenderer has produced (above and beyond what has been produced in the Technical specification) a detailed, reasoned, extended description of their thoughts and opinions on the planned service content, the provision of services methods and performance management.
2	Medium level of detail - the Tenderer has produced (above and beyond what has been produced in the Technical specification) a partly extended description of their thoughts and opinions on the planned service content, the provision of services methods and performance management.
3	Low level of detail - the Tenderer has produced (above and beyond what has been produced in the Technical specification), a general description of their thoughts and opinions on the planned service content, the provision of services methods and performance management.
4	Insufficient level of detail - the Tenderer has failed to produce additional information as to their understanding of the general requirements of the project.

19.5.1. In the "quality of the technical proposal" criterion the Commission shall sum up the points awarded by each member of the Commission for each Tenderer in the respective criterion and then divide the obtained number by the number of the members of the Commission that participated in the evaluation.

19.6. Evaluation of the financial proposal

19.6.1. The procurement commission shall award the maximum available points for the Financial proposal to the proposal with the lowest proposed price.

19.6.2. Other Financial proposals shall receive score in accordance with the following formula:

$$\text{points} = \frac{\text{lowest proposed price from the compliant proposals}}{\text{Tenderers proposed price}} \times 40$$

19.6.3. Afterwards the points received by the Tenderer for each of the evaluation criteria shall be summed up and the Contract shall be awarded to the Tenderer whose Tender shall obtain the highest number of points.

19.7. EVALUATION CRITERIA

No	Criteria	Level of detail				Description has to include and expand on the following:
		Highly Detailed	Medium level of detail	Low level of detail	Insufficient level of detail	
1	Understanding of the topic and clarity of the tender	30 points				
RISK REGISTER STAGE						
1.1	Understanding of identification of risks	6	4	2	0	<div>1) Methodology Methodology shall detail the description of the methodology to be applied to the development of risk register including assessment methodology.</div> <div>2) Identification of risks Risks shall be identified for all the Global Project's phases and summarised in the table form with the following columns per each risk: risk name, description (cause and consequences), an assessment, an overall score, risk owner, associated controls and mitigation measures.</div> <div>3) Risk categorisation Risk categories may be based on the risk areas (e.g. strategic, design, construction, operational, financial), functions or any other criteria which shall be approved by RB Rail.</div>
1.2	Understanding of assessment of risks	6	4	2	0	<div>1) Qualitative assessment Assessment shall be conducted in terms of risk impact and</div>

No	Criteria	Level of detail				Description has to include and expand on the following:
		Highly Detailed	Medium level of detail	Low level of detail	Insufficient level of detail	
						likelihood based on the pre-agreed risk assessment criteria, detailed in the methodology. 2) Quantitative assessment (where appropriate) Monte Carlo simulation of the cost effects analysis. 3) Risk prioritisation Methodology shall enable to prioritise and rank the risks.
1.3	Understanding of mapping	6	4	2	0	Mapping of risks to phases, workstreams, activities and stakeholders to show connectivity, dependencies and uncertainties between phases, workstreams, activities.
1.4	Understanding of assignment of risks	6	4	2	0	Assignment of risks to owners
1.5	Understanding of risk controls and mitigation measures	6	4	2	0	1) Controls identification Existing controls relevant to risks identified shall be described as well as risk mitigation measures if those controls are insufficient.
2	Understanding of the topic and clarity of the tender	30 points				
RISK POLICY DEVELOPMENT STAGE						
2.1	Understanding of Risk management policy	10	6	2	0	1) Analysis of existing risk management policies. 2) Design of a coherent risk management policy. Risk management policy shall define the vision on risk management function, its objectives, principles, structure and

No	Criteria	Level of detail				Description has to include and expand on the following:
		Highly Detailed	Medium level of detail	Low level of detail	Insufficient level of detail	
						overview of methodology.
2.2	Understanding of Risk management strategy	10	6	2	0	<p>1) Risk tolerance Risk tolerance shall be defined as risk contingency budget available and its management.</p> <p>2) Risk appetite Enterprise Risk Management (ERM) appetite shall be defined for major categories of risks.</p> <p>3) Insurance Insurance strategy shall be determined for each phase of the Global Project. Insurance strategy should consequently inform the future insurance programme design of Rail Baltica.</p> <p>4) Risk management roadmap Strategy document amalgamating the recommendations on future development of risk management function and associated operations as well as Risk management system functional and technical requirements.</p>
2.3	Understanding of Risk management procedure	10	6	2	0	<p>1) Risk management procedure The document shall focus on stages of risk management process; objectives, actions and outcomes of each stage; assigned roles and responsibilities of involved individuals; structure of reporting</p>

No	Criteria	Level of detail				Description has to include and expand on the following:
		Highly Detailed	Medium level of detail	Low level of detail	Insufficient level of detail	
						and escalation procedure.
	Max points	60 points				

20. TENDERER CHECK PRIOR TO MAKING THE DECISION REGARDING THE CONCLUSION OF THE CONTRACT

- 20.1. Prior to making the decision about assigning rights to conclude the Contract, the procurement commission performs a check regarding the existence of grounds for exclusion of tenderers for Tenderers, members of a partnership (if the Tenderer is a partnership), persons on whose capabilities the Tenderer is relying and subcontractors whose share of work is equal to or exceeds 10% of the Contract value.
- 20.2. If, in accordance with the information published on the day of the last data update in a public database, on the last day of proposal submission or on the day when the decision regarding the possible assignment of rights to conclude a Contract is made, the Tenderer, member of a partnership (if the Tenderer is a partnership), a subcontractor whose share of work is equal to or exceeds 10% of the Contract price or a person on whose capabilities the Tenderer is relying have tax debts, including state mandatory insurance contributions debts, the total sum of which exceeds 150 euro, the procurement commission informs the Tenderer and sets a deadline – 10 days from the day of issuing or receiving information – for the submission of a certificate evidencing absence of tax debt or decision to prolong the deadline or postpone payment of the tax, an agreement on payment of the tax or other objective evidence proving absence of a tax debt.
- 20.3. If the Tenderer fails to submit required evidence about itself before the deadline, the procurement commission excludes the Tenderer from participation in the open competition.
- 20.4. Change of persons upon whose capabilities the Tenderer is relying or subcontractors whose share of work is equal to or exceeds 10% of the Contract price is performed in accordance with Sections 8.2 and 9.2 respectively.
- 20.5. In the event the Tenderer or partnership member (if the Tenderer is a partnership) fails to comply with requirements stipulated in Section 7.1 and has indicated this in the Proposal, upon request by the procurement commission it submits an explanation about the implemented measures in order to restore reliability and prevent occurrences of the same or similar violations in future, as well as attaches evidence which proves the implemented measures, such as but not limited to evidence about compensating damages, on cooperation with investigating authorities, implemented technical, organisational or personnel measures, an assessment of a competent authority regarding the sufficiency of the implemented measures etc. The procurement commission assesses such information. If the procurement commission deems the measures taken to be sufficient for the restoration of reliability and the prevention of similar cases in the future, it makes the decision not to exclude the Tenderer from participation in the open competition. If the measures taken are insufficient, the procurement commission makes the decision to exclude the Tenderer from further participation in the open competition procedure. If the Tenderer does not submit the requested information within the indicated time, the procurement commission excludes the Tenderer from participation in the open competition.

- 21. DECISION MAKING, ANNOUNCEMENT OF RESULTS AND ENTERING INTO A CONTRACT**
- 21.1. The procurement commission selects the Tenderers in accordance with the set selection criteria for Tenderers, verifies the compliance of the Proposals with the requirements stipulated in the Regulation and chooses the Proposal in accordance with the contract award criteria as described in Section 19. The Tenderer who has submitted the most economically advantageous Tender shall be selected.
- 21.2. Within 3 (three) business days from the date of decision about the open competition results the procurement commission informs all the Tenderers about the decision made by sending the information by post or electronically and keeping the evidence of the date and mode of sending the information. The procurement commission announces the name of the chosen Tenderer, indicating:
- 21.2.1. To the refused Tenderer the reasons for refusing its Proposal;
- 21.2.2. To the Tenderer who has submitted an eligible Proposal, the characterization of the chosen proposal and the relative advantages;
- 21.2.3. The deadline by which the Tenderer may submit a complaint to the Procurement Monitoring Bureau regarding violations of the public procurement procedure.
- 21.3. If only 1 (one) Tenderer complies with all the Tenderer selection requirements, the procurement commission prepares and includes in the open competition procedure report a justification of the fact that the set requirements for tenderer selection are objective and commensurate. If the procurement commission cannot justify that the set requirements for tenderer selection are objective and commensurate, it makes the decision to terminate the public procurement procedure.
- 21.4. If the public procurement procedure is terminated, within 3 (three) business days of the termination, the procurement commission simultaneously informs all Tenderers of all the reasons why the open competition procedure was terminated and informs about the deadline within which a Tenderer may submit an application to the Procurement Monitoring Bureau on the violations of the public procurement procedure.
- 21.5. When informing of the results, the procurement commission has the right not to disclose specific information if it may infringe upon public interests or if the Tenderer's legal commercial interests or the conditions of competition would be violated.
- 21.6. As soon as possible, but not later than within 5 (five) business days from day when the decision about the results of the open competition is taken, the procurement commission prepares a report on the open competition procedure and publishes it on the E-Tenderers system's webpage <http://www.eis.gov.lv/EKEIS/Supplier> and on Contracting Authority's webpage <http://www.railbaltica.org/tenders/>.
- 21.7. Upon reception of the notification about the results of the open competition the selected Tenderer must:
- 21.7.1. submit cooperation or partnership agreement within 5 (five) business days if required pursuant to requirements under Section 6.1.2;
- 21.7.2. sign the Contract within 10 (ten) days from receiving the invitation.
- 21.8. The Contract is concluded on the basis of the Tenderer's Proposal and in accordance with Annex 7 "Draft contract".
- 21.9. The procurement commission has the right to choose the next most economically advantageous Proposal if within the timeframe stipulated by the Regulation the Tenderer:
- 21.9.1. Refuses to conclude a partnership contract in the cases and within the deadlines defined by the Regulation, or does not submit a copy of the partnership contract or does not inform of the founding of a partnership company in the cases and within deadlines defined by the Regulation;
- 21.9.2. Refuses to conclude the Contract or does not submit the signed Contract.
- 21.10. In such a case, the procurement commission is entitled to terminate this open competition without selecting any Proposal or to select the Proposal with the next best score. For either of these decisions a written decision must be made.

- 21.11. Prior to making the decision regarding the conclusion of the contract with the next Tenderer, the procurement commission assesses whether the next Tenderer is one market participant together with the initially selected Tenderer. If the next selected Tenderer is found to be one market participant together with the initially selected Tenderer, the procurement commission makes a decision to terminate the open competition without selecting any Proposal. If the next chosen Tenderer also refuses to conclude the contract or does not submit a signed public procurement contract within the deadline set by the procurement commission, the procurement commission makes the decision to terminate the open competition without selecting any Proposal.

22. ANNEXES:

1. Application Form on 1 (one) page;
2. Technical Specification on 10 (ten) pages;
3. Table "Entities on whose capabilities the Tenderer relies" on 1 (one) page;
4. Table "Subcontractors" on 1 (one) page;
5. Table "Experience of Key expert" on 2 (two) page;
6. Draft Contract on 47 (forty seven) pages.

ANNEX NO 1: APPLICATION FORM

[form of the Tenderer's company]

2017.____.____

No_____

APPLICATION FOR PARTICIPATION IN THE OPEN COMPETITION "RISK MANAGEMENT FRAMEWORK", NO RBR 2017/24

Name of the Tenderer or members of the partnership

Registration number of the Tenderer or members of the partnership

VAT payer registration number

Legal address

Actual address

Bank

Bank account (IBAN)

Bank code (SWIFT)

telephone number

e-mail

contact person: name, surname, position

-
1. Confirms participation in the open competition "Risk Management Framework" No RBR 2017/24
 2. Proposes to deliver services in accordance with the Technical specification and this Proposal for the following price (excluding VAT):

_____ EUR (_____ *euro*, _____ cents)

3. (If applicable): Informs that the following persons comply with the following exclusion grounds:

Name of the entity (person)	Exclusion ground and brief description of the violation
[•]	
[•]	

4. Confirms that the Regulation is clear and understandable, that it does not have any objections and complaints and that in the case of granting the right to enter into a contract it shall fulfil all conditions of the Regulation as well as enter into a procurement contract in accordance with the draft contract enclosed with the Regulation.
5. Confirms the period of validity of its Proposal for 90 (ninety) days from the day of opening of the Proposal.
6. Guarantees that all information and documents provided are true.

We meet the criteria of (*please mark*):

☐ a small ☐ medium ☐ other

sized enterprise² as defined in the Article 2 of the Commission Recommendation of 6 May 2003 concerning the definition of micro, small and medium-sized enterprise;³

Date: [date of signing]

Name: [name of the representative of the Tenderer]

Position: [position of the representative of the Tenderer]

² The information on the size of the Tenderer is used solely for statistical purposes and is not in any way whatsoever used in the evaluation of the Tenderer or the Proposal.

³ Available here - http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2003.124.01.0036.01.ENG&toc=OJ:L:2003:124:TOC

ANNEX NO 2: TECHNICAL SPECIFICATION

TECHNICAL SPECIFICATION

FOR OPEN COMPETITION

RISK MANAGEMENT FRAMEWORK



Co-financed by the European Union
Connecting Europe Facility

Riga, 2017

CONTENT

1. INTRODUCTION	30
2. OBJECTIVE OF THE PROCUREMENT	33
3. SCOPE OF THE STUDY.....	33
4. DESCRIPTION OF SERVICES	36

1. INTRODUCTION

The Baltic countries Estonia, Latvia and Lithuania have historically been linked to the east-west railway transport axis using the 1520mm gauge railway system. Because of the existing historical and technical constraints, the existing rail system is incompatible with mainland European standards, thus there is a consensus that Estonia, Latvia and Lithuania need to be fully integrated into the wider European rail transport system. Currently there is no efficient 1435 mm railway connection along the Warsaw-Kaunas-Riga-Tallinn axis, i.e. there are missing links or significant bottlenecks. Thus, there are no direct passenger or freight services along the railway axis as the existing infrastructure does not allow for competitive services compared to alternative modes of transport. Thus, the clear majority of the North-South freight is being transported by road transport and the overall accessibility in the region is low.

The ambitions of the Rail Baltica Global project (Global Project) are:

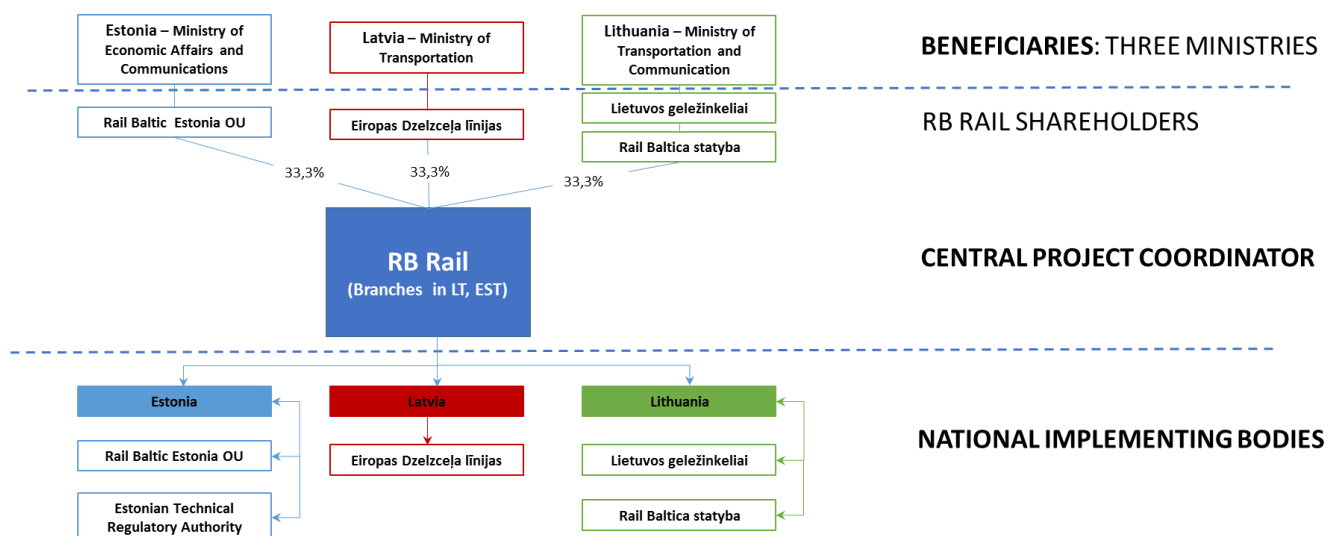
- to become a powerful catalyst for sustainable economic growth in the Baltic States;
- to set a new standard of passenger and freight mobility;
- to ensure a new economic corridor will emerge;
- sustainable employment and educational opportunities;
- an environmentally sustainable infrastructure;
- new opportunities for multimodal freight logistics development;
- new intermodal transport solutions for passengers;
- safety and performance improvements;
- a new value platform for digitalization and innovation;
- completion of Baltic integration in the European Union transport ecosystem.

Rail Baltica is already designed to become a part of the EU TEN-T North Sea – Baltic Core Network Corridor, which links Europe's largest ports of Rotterdam, Hamburg and Antwerp – through the Netherlands, Belgium, Germany and Poland – with the three Baltic States, further connecting to Finland via the Gulf of Finland short sea shipping connections with a future fixed link possibility between Tallinn and Helsinki. Further northbound extension of this corridor shall pave the way for future connectivity also with the emerging Arctic corridor, especially in light of the lucrative prospects of the alternative Northern Circle maritime route development between Europe and Asia. Furthermore, the North Sea – Baltic Corridor crosses with the Baltic-Adriatic Corridor in Warsaw, paving the way for new supply chain development between the Baltic and Adriatic seas, connecting the Baltics with the hitherto inadequately accessible Southern European markets. In a similar fashion, Rail Baltica shall strengthen the synergies between North-South and West-East freight flows, creating new trans-shipment and logistics development opportunities along the Europe and Asia overland trade routes. The new Rail Baltica infrastructure would, therefore, not only put the Baltics firmly on the European rail logistics map, but also create massive opportunities for value creation along this infrastructure with such secondary economic benefits as commercial property development, revitalization of dilapidated urban areas, private spin-off investment, new business formation, technology transfer and innovation, tourism development and other catalytic effects. Rail Baltica aims to promote these effects from the early stages of the Global Project, learning from the key global success stories and benchmarks in this regard.

The Contracting authority RB Rail AS (RBR) was established by the Republics of Estonia, Latvia and Lithuania, via state-owned holding companies, to coordinate the development and construction of the fast-conventional standard gauge railway line on the North Sea – Baltic TEN-T Core Network Corridor (Rail Baltica II) linking three Baltic states with Poland and the rest of the EU. The main technical parameters shall correspond to traffic code P2-F1 as per INF TSI (Commission Regulation 1299/2014/EU) and shall have the following main technical parameters:

- double track, design speed on the main track 240 km/h, design speed on side tracks minimum 100 km/h;
- axle load 22.5 t;
- distance between track centres at least 4.20 m on the main tracks;
- distance between two sided passing loops approximately 50 km and crossovers approximately 25 km but staged according to a train traffic forecast;
- all pedestrian, road and 1520mm rail crossings only as above or below grade crossings (segregated grade crossings), fencing and noise barriers where needed;
- ERTMS Level 2 with possible update to the newest version;
- communications system GSM-R with a view to accommodate the new generation railway communications standard;
- electrification 2x25 kV AC;
- length of freight trains 740m, but for spatial planning and track geometry design a length of 1050m shall be used;
- length of passenger trains 200m, but for spatial planning and track geometry design a length of 400m shall be used;
- height of passenger platforms 550mm;
- maintenance road, where necessary, shall be on one side of the tracks with gravel 3.5m wide

The diagram below illustrates the shareholder and project governance structure of the Rail Baltica project.



RBR together with governments of Estonia, Latvia and Lithuania (represented by the ministries in charge of transport policy) have applied for the CEF co-financing in 2015, 2016 and 2017 (three applications in total). The first two applications were successful and INEA grants are available to support the Global Project expenses with up to 85% of co-financing in amount of 633 mln EUR.

Rail Baltica is a joint project of three EU Member States – Estonia, Latvia and Lithuania – and concerns the building of a fast conventional double-track 1435 mm gauge electrified and ERTMS equipped mixed use railway line on the route from Tallinn through Pärnu (EE), Riga (LV), Panevėžys (LT), Kaunas (LT) to the Lithuania/Poland state border (including a Kaunas – Vilnius spur) with a design speed of 240km/h. In the longer term, the railway line could potentially be extended to include a fixed link between Helsinki and Tallinn, as well as integrate the railway link to Warsaw and beyond.

The expected core outcome of the Rail Baltica Global Project is a European gauge (1435mm) double-track railway line of almost 900 km in length meant for both passenger and freight transport and the required additional infrastructure (to ensure full operability of the railway). It will be interoperable with the TEN-T Network in the rest of Europe and competitive in terms of quality with other modes of transport in the region. The indicative timeline and phasing of the project implementation can be found here: <http://www.railbaltica.org/about-rail-baltica/project-timeline/>.

2. OBJECTIVE OF THE PROCUREMENT

2.1. The objective of the open competition is to develop a Risk Management manual ("the Manual"), including strategy, policy and procedures.

3. SCOPE OF THE STUDY:

3.1. The risks shall be assessed, and the Manual shall be drafted for all the Global Project's phases:

1st Phase – Planning

- CBA analysis (for the whole project and/or separate parts of it)
- Business plan
- Establishing railway line alignment (including archaeological studies, SEA, material supply studies etc.)
- Main design guidelines (technical manual)
- Other planning activities which are necessary for the construction, maintenance or operation of the railway

2nd Phase – Design

- Detailed technical design of all parts of the Global Project
- Land acquisition
- Studies regarding the technical design (conformity assessments, technical validations, technical assessments etc.)

3rd Phase – Construction

- Physical construction work of all parts of the Global Project (including signaling, ERTMS, technical supervisions)
- Studies and certification regarding the completed construction works (technical validations, certificates and other requirements for the railway to be put in use)

3.2. Time frame covered by the Manual shall be of 10 years or until the full completion of the Global Project.

3.2.1. The risks shall be assessed taking into consideration the Pan-Baltic nature of the Global Project.

3.2.2. Risk types that shall be addressed in the Manual (non-exhaustive list): normative risks, administrative risks, financial risks, business risks, employee competence related risks, supplier related risks, environmental risks, fraud risks, etc.

3.3. The Manual should include the following elements (non-exhaustive list):

N o	Subject	Description	Deliverables
Risk register stage			
1	Identification of risks	2) Methodology Methodology shall detail the description of the methodology to be applied to the development of risk register including assessment methodology.	Document describing risk identification and assessment methodology (MS Word)

		3) Identification of risks Risks shall be identified for all the Global Project's phases and summarised in the table form with the following columns per each risk: risk name, description (cause and consequences), an assessment, an overall score, risk owner, associated controls and mitigation measures.	Risk register (MS Excel)
		4) Risk categorisation Risk categories may be based on the risk areas (e.g. strategic, design, construction, operational, financial), functions or any other criteria which shall be approved by RB Rail.	Risk register updated (MS Excel)
2	Assessment of risks	5) Qualitative assessment Assessment shall be conducted in terms of risk impact and likelihood based on the pre-agreed risk assessment criteria, detailed in the methodology.	Risk register updated (MS Excel)
		6) Quantitative assessment (where appropriate) Monte Carlo simulation of the cost effects analysis.	Risk register updated (MS Excel)
		7) Risk prioritisation Methodology shall enable to prioritise and rank the risks.	Risk map or any other tool enabling to rank the identified risks
3	Mapping	8) Mapping of risks to phases, workstreams, activities and stakeholders to show connectivity, dependencies and uncertainties between phases, workstreams, activities.	Flow chart diagram showing the connectivity and dependency of operational workstreams, their connectivity aligned with the associated risks (MS Visio)
4	Assignment of risks	9) Assignment of risks to owners.	Risk register updated (MS Excel)
5	Risk controls and mitigation measures	10) Controls identification Existing controls relevant to risks identified shall be described as well as risk mitigation measures if those controls are insufficient.	Risk register updated (MS Excel)
Policy development stage			
1	Risk management policy	2) Analysis of existing risk management policies	Existing documentation analysed
		3) Design of a coherent risk management policy. Risk management policy shall define the vision on risk management function, its objectives, principles, structure and overview of methodology.	Risk management policy document (MS Word)
2	Risk management strategy	4) Risk tolerance Risk tolerance shall be defined as risk contingency budget available and its management.	Risk tolerance and appetite statement (MS Word)
		5) Risk appetite Enterprise Risk Management (ERM) appetite shall be defined for major categories of risks.	Risk tolerance and appetite statement (MS Word)

		6) Insurance Insurance strategy shall be determined for each phase of the Global Project. Insurance strategy should consequently inform the future insurance programme design of Rail Baltica.	Insurance strategy document (MS Word)
		7) Risk management roadmap Strategy document amalgamating the recommendations on future development of risk management function and associated operations as well as Risk management system functional and technical requirements.	Risk management roadmap / recommendations (MS Word / MS Power Point)
3	Risk management procedure	8) Risk management procedure The document shall focus on stages of risk management process; objectives, actions and outcomes of each stage; assigned roles and responsibilities of involved individuals; structure of reporting and escalation procedure.	Risk management procedure document (MS Word)

3.4. The deliverables shall be provided by the Tenderer/Contractor in English according to the following deadlines:

No.	Title of deliverable	Deadline
1	Inception report	4 weeks after entry into effect of the Contract / or kick-off meeting
2	Interim Manual	10 weeks after entry into effect of the Contract
3	Final Manual	16 weeks after entry into effect of the Contract

3.5. The deadline for the provision of services is 16 weeks from the entry into effect of the Contract.

3.6. The Contractor shall estimate enough time for the review of submitted deliverables by representatives of the Contracting Authority and other stakeholders, leaving at least 10 working days for the review and preparation of their statement.

3.7. Any deliverables prepared by the Contractor shall be provided in commonly used editable data format (such as MS Word, Excel etc.) requiring no specific licence (apart from standard MS Office) or any service fees to view, edit of data contents or to supply thereof to any software tool.

4. DESCRIPTION OF SERVICES

4.1. The Contractor shall prepare a detailed work programme (thereinafter – Work programme) for the preparation of the Manual. The deadlines of deliverables mentioned in the Work programme shall be in accordance with the instructions laid down in the Technical specifications.

4.2. The Contractor shall prepare risk identification and assessment methodology, which will be approved by the Contracting authority as a part of deliverables. This risk identification and assessment methodology shall present the detail of clear and efficient methods of identification and assessment of risks.

4.3. The Contractor shall prepare a methodology for Risk Management strategy and policy development, which will be approved by the Contracting authority as a part of deliverables.

4.4. The used methods shall non-exhaustively include:

4.4.1. Workshops;

4.4.2. Interviews;

4.4.3. Employee training.

4.5. The result of the service in later stage will be used for developing automated risk management system.

4.5. Deliverable content

No.	Title of deliverable	General scope of the deliverable
1	Inception report	<ol style="list-style-type: none">1. Detailed work programme for the preparation of the Manual (MS Word / MS Project / MS Excel);2. Clarification of strategies and benefits to be delivered by the programme of work;3. Document describing risk identification and assessment methodology (MS Word);4. Risk management policy document (MS Word);5. Risk management procedure document (MS Word);6. Preliminary analysis of existing internal policies;7. Risk categorisation suggestions;8. Preliminary structure for final Manual, and format.
2	Interim	<ol style="list-style-type: none">1. First results of the risk identification, categorisation and assessment as prescribed in methodology (draft Risk register, MS Excel);2. Preliminary prioritisation of risks (draft Risk map);3. Risk tolerance and appetite statement (MS Word);4. Outline of Risk Management strategy content.
3	Final	<ol style="list-style-type: none">1. Report detailing the project outcomes in the format of MS Word / MS Power Point (presenting to the stakeholders);2. Finalised Risk register (MS Excel);

		<ul style="list-style-type: none"> 3. Finalised Risk prioritisation (Finalised Risk map); 4. Analysis and assessment of existing risk management internal policies; 5. Insurance strategy document (MS Word); 6. Flow chart diagram showing the connectivity and dependency of operational workstreams, their connectivity aligned with the associated risks (MS Visio); 7. Risk management roadmap / recommendations (MS Word / MS Power Point); 8. List of Risk management system functional and technical requirements (components that must be included in the Risk management system), as the result of the service in later stage will be used for developing automated risk management system. 9. Any other deliverables (unlisted here) required in the Technical specification or deemed necessary by the Contractor or the Contracting authority.
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5. PAYMENTS OF DELIVERABLES

No.	Title of deliverable	Payment amount
1	Inception report	0%
2	Interim Manual	50%
3	Final Manual	50%

ANNEX NO 3: ENTITIES ON WHOSE CAPABILITIES THE TENDERER RELIES

No	Name	Description of the capabilities
1		
2		
n+1		

Date: *[date of signing]*

Name: *[name of the representative of the Tenderer]*

Position: *[position of the representative of the Tenderer]*

ANNEX NO 4: SUBCONTRACTORS

No	Name of the sub-contractor	Sub-contracted tasks		
		Description of the sub-contracted task	Amount, EUR (without VAT)	% from the proposed price
I	Total amount of the sub-contracted tasks is equal to or exceeds 10% from the proposed contract price			
1				
2				
n+1				
		Total:		
II	Total amount of the sub-contracted tasks is smaller than 10% from the proposed contract price			
1				
2				
n+1				
		Total:		
		Total (I+II)		

Date: [date of signing]

Name: [name of the representative of the Tenderer]

Position: [position of the representative of the Tenderer]

ANNEX NO 5: EXPERT'S APPLICATION

EXPERT'S APPLICATION TO PARTICIPATE IN THE PROCUREMENT Id. No RBR 2017/24 "RISK MANAGEMENT FRAMEWORK"

No	<div style="display: flex; justify-content: space-between; border-bottom: 1px solid black; margin-bottom: 5px;"> </div> <div style="display: flex; justify-content: space-between;"> Expert's role in team Name, Surname </div>			
1.	Education (Educational institution)	Period of studies (month/year – month/year)	Obtained degree (-s)	
1.1.				
...				
	Professional experience:			
2.	Employer, Project, Contracting authority	Period of employment or participation in the project (month/year – month/year)	Description of the responsibilities according to contract	Description of project (implementation period, scope, value of the project* etc.) Position held Contact information for references
2.1.				
2.2.				
n+1				

English language skills⁴:

Understanding		Speaking		Writing
Listening	Reading	Spoken interaction	Spoken production	
<i>Enter level</i>	<i>Enter level</i>	<i>Enter level</i>	<i>Enter level</i>	<i>Enter level</i>

Levels: A1/A2 - Basic user; B1/B2 - Independent user; C1/C2 - Proficient user.

I confirm that I have consented that my candidature is proposed in the open competition "Risk Management Framework", No RBR 2017/24. I confirm that in case the Tenderer [*name of the tenderer or members of the partnership*] will conclude the contract as the result of the open competition, I will participate in the execution of the contract.

Annexes (diplomas, etc.):

- 1) Diploma
- 2) _____
- 3) _____

Date: [*date of signing*]

Name: [*name of the expert*]

⁴ Language skill level is based on Common European Framework of Reference for Languages (see <http://europass.cedefop.europa.eu/resources/european-language-levels-cefr>)

PROFESSIONAL CONSULTANT SERVICE
AGREEMENT

between

[●]

and

[●]

Dated [●] [●]2017

TABLE OF CONTENTS

GENERAL CONDITIONS	44
Section I. DEFINITIONS AND INTERPRETATION	44
Section II. ENGAGEMENT, OBJECTIVE AND SCOPE OF SERVICE	45
Section III. OBLIGATIONS OF SERVICE PROVIDER	46
Section IV. OBLIGATIONS OF PRINCIPAL	50
Section V. PERSONNEL AND REPRESENTATIVES	51
Section VI. SERVICE MEETINGS, REPORTING AND RISK REDUCTION	51
Section VII. COMMENCEMENT OF SERVICE, REMEDY OF DEFECTS AND ACCEPTANCE	52
Section VIII. TERMINATION	54
Section IX. INTELLECTUAL PROPERTY RIGHTS	56
Section X. CONFIDENTIALITY	58
Section XI. FORCE MAJEURE	59
Section XII. RIGHT TO AUDIT	60
SECTION XIII. ON-THE-SPOT VISITS	60
Section XIV. NOTICES AND COMMUNICATION	61
Section XV. MISCELLANEOUS PROVISIONS	61
Section XVI. PAYMENT	63
Section XVII. LIABILITY	64
Section XVIII. INSURANCE	65
Section XIX. GOVERNING LAW AND RESOLUTION OF DISPUTES	66
Annex A: DEFINITIONS AND COMMON TERMS	68
Annex B: PROJECT OBJECTIVES	72
Annex C: SCOPE OF SERVICE	73
Annex D: SERVICE SCHEDULE AND RATES	83
Annex G: KEY PERSONNEL	84
Annex H: LIST OF APPROVED SUB-CONTRACTORS	85
Annex K: PROVISIONAL COMPLETION CERTIFICATE	86
Annex L: PROVISIONAL ACCEPTANCE CERTIFICATE	87
Annex M: FINAL ACCEPTANCE CERTIFICATE NO.	88
Annex N: REPRESENTATIVES	89
Annex O: TENDER OF THE SERVICE PROVIDER	90
Annex P: DECLARATION OF SERVICE PROVIDER	91

PROFESSIONAL CONSULTANT SERVICE AGREEMENT

This PROFESSIONAL CONSULTANT SERVICE AGREEMENT (hereinafter, the "Agreement"), together with all Annexes hereto, is entered into in Riga, on [.] [.] of the year 2017 (hereinafter, the "Effective Date") by and between:

(1) **RB Rail AS**, a joint stock company registered in the Latvian Commercial Register registration No 40103845025, having its registered address at K.Valdemāra iela 8-7, Riga, LV-1010, Latvia (hereinafter, the "Principal"), represented by its Chairperson of the Management Board Ms Baiba Anda Rubesa, Management Board Member [●], Management Board Member [●] and Management Board Member [●] acting on the basis of the Principal's Statutes, on the one side,

and

(2) [●], a [●] company organized and existing under [●] law registered with [●] under the registration number [●], having its registered address at [●] (hereinafter, the "Service Provider"), represented by [●][●][●] acting on the basis of [●],

WHEREAS:

This Agreement is entered into within the framework of the Global Project which includes all activities undertaken by the respective beneficiaries and implementing bodies of the Republic of Estonia, the Republic of Latvia and the Republic of Lithuania in order to build, render operational and commercialize the Rail Baltic / Rail Baltica railway - a new fast conventional double track electrified railway line with the maximum design speed of 240 km/h and European standard gauge (1435mm) on the route from Tallinn through Pärnu-Riga-Panevezys-Kaunas to Lithuanian-Polish border, with the connection of Kaunas – Vilnius, and related railway infrastructure in accordance with the agreed route, technical parameters and time schedule;

The Principal has organised procurement procedure "Risk management framework" (identification No RBR 2017/24) (hereinafter, the "Procurement Procedure") whereby the tender proposal submitted by the Service Provider (hereinafter, the "Service Provider's Proposal") was selected as the winning bid.

GENERAL CONDITIONS

Section I. DEFINITIONS AND INTERPRETATION

- 1.1. *Defined Terms.* In this Agreement, unless the context requires otherwise, all defined terms shall have the meanings ascribed to such terms in accordance with Annex A (*Definitions and Common Terms*) entered into between the Parties on the Effective Date.
- 1.2. *Interpretation.*
- (a) The headings contained in the Agreement shall not be used in its interpretation.
 - (b) References to the singular shall include references in the plural and vice versa, words denoting a gender shall include any other gender where the context requires, and words denoting natural persons shall include any other persons.
 - (c) References to a treaty, directive, regulation, law or legislative provision shall be construed, at any particular time, as including a reference to any modification, extension or re-enactment of the respective treaty, directive, regulation, law or legislative provision at any time then in force and to all subordinate legislation enacted from time to time.
 - (d) In the event there arises a conflict between provisions of the Agreement, the last provision to have been written chronologically shall have precedence.
 - (e) Any reference in this Agreement to a person acting under the direction of another person shall not include any action that is taken in contravention of any Applicable Law or Standards, unless the relevant person can demonstrate that an explicit instruction or direction was given to take the relevant action.

- (f) Unless expressly stated to the contrary, any reference in this Agreement to the right of consent, approval or agreement shall be construed such that the relevant consent, approval or agreement shall not be unreasonably delayed or withheld. The Parties agree and acknowledge as follows:
 - (i) neither Party shall be required to seek or apply for any consent, approval or agreement by any Person which would place the respective Party in breach of any Applicable Law, Standards or Good Industry Practice; and
 - (ii) nothing in this Agreement shall require the Principal to give or procure the giving of any consent or approval which would be contrary to the protection, safety and efficient operation of the Railway and the Project.
- (g) A reference to "writing" shall include an e-mail transmission and any means of reproducing words in a tangible and permanently visible form.
- (h) The words "include" and "including" are to be construed without limitation.
- (i) Unless indicated otherwise, all references to "days" shall mean calendar days.
- (j) The words in this Agreement shall bear their natural meaning.

1.3. *Order of Precedence.* In the event of any discrepancy or inconsistency arising between the documents forming part of this Agreement, the following order of precedence shall apply:

- (a) this Agreement document;
- (b) Explanations (clarifications) of the procurement documentation;
- (c) Technical specifications (Scope of Service);
- (d) Clarifications of the Tender of the Contractor;
- (e) Tender of the Contractor;
- (f) Procurement documents with the annexes;
- (g) all other Annexes of the Agreement.

Section II. ENGAGEMENT, OBJECTIVE AND SCOPE OF SERVICE

- 2.1. *Engagement.* The Principal hereby engages the Service Provider to provide the Service for the purposes of the Project with the objective of ensuring provision and performance of all Works more fully identified in Annex C (*Scope of Service*) attached to this Agreement (hereinafter, the "Scope of Service") subject to the terms of this Agreement, and the Service Provider accepts such engagement.
- 2.2. *Objective.* The Service shall result in the performance of all Works identified in Annex C (*Scope of Service*) according to the terms of this Agreement and delivery to the Principal of the Deliverables. The Service shall be provided in stages according to the Service Schedule specified in Annex D (*Service Schedule and Rates*).
- 2.3. *Alteration Requests by Principal.* Notwithstanding any provisions in this Agreement to the contrary, whenever the Principal reasonably considers that an Alteration is necessary:
 - (a) to address, alleviate or comply with (as appropriate) a Mandatory Alteration; or
 - (b) to address the results of Survey Works, to the extent necessary to attain the purposes of the Project; or
 - (c) to address changes to the underlying assumptions set out in the Scope of Service,
 the Principal shall send to the Service Provider a written notice requesting an Alteration to the Scope of Service and/or Service Schedule (hereinafter, the "Alteration Request") to the extent that the Alteration is reasonable in the circumstances. For the avoidance of any doubt, no Alteration shall be effective unless and until agreed in writing by both Parties.
- 2.4. *Alteration Requests by Service Provider.* Where the Service Provider reasonably considers that an Alteration is necessary:
 - (a) to address, alleviate or comply with (as appropriate) a Mandatory Alteration; or

(b) to address the results of Survey Works, to the extent necessary to attain the purposes of the Project; or

(c) to address changes to the underlying assumptions set out in the Scope of Service,

the Service Provider shall be entitled to request the Principal to implement an Alteration in accordance with the applicable Laws of the Republic of Latvia.

2.5. *Certain Representations and Warranties by Parties.* Each Party represents and warrants to the other Party, as of the Effective Date, as follows:

(a) it has entered into this Agreement with the aim of attaining all of the objectives and performing in all material respects all of the obligations and commitments herein set forth;

(b) it has entered into this Agreement without having any intention or goal whatsoever to violate the Applicable Law, its own Articles of Association, other constitutional documents or agreements of any kind to which it is a party;

(c) it is not bankrupt and is not the subject of insolvency or winding-up proceedings, where its assets are being administered by a liquidator or by the court, it is not in an arrangement with creditors, where its business activities are suspended or it is in any analogous situation arising from a similar procedure under the Laws of the Republic of Latvia; and

(d) it has entered into this Agreement of its own volition and in good faith.

2.6. *Certain Representations and Warranties by Service Provider.* The Service Provider represents and warrants to the Principal, as of the Effective Date, as follows:

(a) it has all requisite qualification, skills and competence to provide the Service to the Principal on the terms and conditions of this Agreement which are no less favourable than the terms and conditions of service identified by the Service Provider in any document submitted by the Service Provider to the Principal as part of the Procurement Procedure and on the terms of the Service Provider's Proposal identified in accordance with Annex O (*Tender of the Service Provider*);

(b) it holds all requisite licenses, permits, approvals and consents necessary to enable provision by the Service Provider of the Service according to the specifications contained in Annex C (*Scope of Service*);

(c) it has all requisite ability to ensure the highest quality of the Service;

(d) it will assign competent and duly qualified personnel to carry out the Works set out in this Agreement according to the highest professional standard and Good Industry Practice;

(e) it is not deemed to be a person associated with the Principal for the purposes of Applicable Law;

(f) it has not been registered as a VAT payer in the Republic of Latvia [IF APPLICABLE]; and

(g) it is compliant with all of the requirements of the Service Provider's Declaration contained in Annex P (*Declaration of Service Provider*) and will continue to be compliant with all such requirements during the term of this Agreement.

Section III. OBLIGATIONS OF SERVICE PROVIDER

3.1. *General Obligations.* The Service Provider shall, at all times during the term of this Agreement, act in good faith towards the Principal in respect of all matters under the Agreement. The Service Provider undertakes to perform or procure the performance of the Service in its entirety. The Service Provider shall develop and supplement the Scope of Service in consultation with the Principal with a view to achieving the objectives of the Project set out in Annex B (*Project Objectives*), including with respect to identifying the Service Milestones and other key dates, Deliverables, the underlying assumptions. The Service Provider agrees with the Principal that it shall use all relevant knowledge obtained by the Service Provider in designing, building and maintaining public infrastructure networks having characteristics similar to the characteristics of the Project in the performance of its obligations under this Agreement.

Specifically, the Service Provider undertakes to perform the Service in accordance with all of the following:

- (a) requirements of Applicable Law;
- (b) Good Industry Practice;
- (c) Legal Requirements and Standards as may be applicable from time to time;
- (e) the terms of this Agreement.

3.2. *Duty of Care and Exercise of Authority.* The Service Provider shall:

- (a) in performing its obligations under this Agreement, exercise reasonable professional skill, diligence and care as may be expected of a properly qualified and competent person carrying out services of a similar size, nature, type and complexity;
- (b) ensure that all personnel engaged toward the Service are competent in accordance with relevant Standards and are qualified to perform their duties efficiently;
- (c) at all times during the term of this Agreement and in performing the Service, ascertain and comply with all Applicable Laws, Good Industry Practice and, to the extent applicable;
- (d) comply, where applicable, with any reasonable requirements of the Principal not otherwise provided for in this Agreement;
- (e) notify the Principal of any Defects in accordance with Clause 7.3 of this Agreement as soon as such Defects are identified by the Service Provider;
- (f) whenever the Service includes the exercise of powers or performance of duties authorized or required pursuant to the terms of any contract entered into between the Principal and any third party, the Service Provider shall:
 - (i) act in accordance with the terms and conditions of the agreement entered into between the Principal and the relevant third party; provided, however, that the details of such powers and duties, to the extent not described pursuant to Annex C (*Scope of Service*) are acceptable to the Service Provider;
 - (ii) if authorized to certify, decide or exercise discretion, do so fairly between the Principal and third party not as an arbitrator but as an independent professional exercising its best skill and judgment; and
 - (iii) to the extent so authorized, cause the obligations of any third party to be adjusted or modified, subject to obtaining the prior approval of the Principal to any adjustment or modification which can have a material effect on Costs, quality or time (except in any emergency when the Service Provider shall inform the Principal as soon as practicable).

3.3. *Maintenance of Records.* During the term of the Service and during ten (10) years from expiration or termination of this Agreement for any reason whatsoever, the Service Provider shall keep and maintain clear, adequate and accurate records and documentation evidencing, to the reasonable satisfaction of the Principal, each of the following:

- (a) the amount of time (rounded up to 30 minutes) actually spent by personnel of the Service Provider and personnel of each Approved Sub-Contractor toward performance of any of the Works forming part of the Service;
- (b) the fact that the Service has been and is being carried out in accordance with Applicable Law and Good Industry Practice and, to the extent applicable; and
- (c) title or license of the Service Provider with respect to any object code forming part of or embedded in Service Provider Software used in the performance of the Service.

3.4. *Property of Principal.* Anything supplied by or paid for by the Principal for the use by the Service Provider toward provision of the Service under this Agreement shall constitute the property of the Principal and, to the extent practicable, shall be marked by the Service Provider as property of the Principal. To the extent the Service is completed or terminated, the Service Provider shall furnish inventories of whatever has not been consumed in the performance of the Service to the Principal and

shall deliver such inventories in such manner and to such location(s) as designated by the Principal. For the avoidance of any doubt, such delivery shall not be forming part of the Scope of Service and the terms of the delivery shall be agreed between the Principal and the Service Provider separately.

- 3.5. *Reservation of Certain Approval Rights.* Nothing in this Agreement shall require the Principal to give or procure the giving of any consent or approval which would be contrary to or inconsistent with the interests of protection, safety and efficient operation of the Railway or the Project and the safety of persons or property.
- 3.6. *Acceptance Not a Waiver.* The Principal's review, approval, acceptance, or payment with respect to any part of the Service provided by the Service Provider shall not be interpreted or construed to operate as a waiver of any rights or cause for action arising out of the Service Provider's performance of the Service under this Agreement. The Service Provider shall remain liable to the Principal as allowed under this Agreement and under Applicable Law for any and all Costs and/or Damages caused by the Service Provider's negligent performance of any part of the Service furnished under this Agreement.
- 3.7. *Sub-Contracting.* In performing the Service in accordance with the Scope of Service and subject to the provisions of Clause 3.12, the Service Provider may use toward the Service only the Approved Sub-Contractors listed in Annex H (*List of Approved Sub-Contractors*), as such list may, from time to time, be modified or supplemented in agreement with the Principal and in accordance with the terms and subject to the criteria contained in the applicable public procurement laws of the Republic of Latvia.

For the avoidance of any doubt, no modification or supplementation of the list of Approved Sub-Contractors specified pursuant to Annex H (*List of Approved Sub-Contractors*) and made in accordance with this Clause 3.7 shall constitute an Alteration. Annex H shall specify the name, contact details and legal representative(s) of each Approved Sub-Contractor as of the Effective Date. The Service Provider shall have an obligation to notify the Principal in writing of any changes to Sub-Contractor data specified in Annex H occurring during the term of this Agreement and of the required information for any new sub-contractors which it may subsequently engage toward provision of the Service.

Pursuant to the Law of the Country applicable at the date of entry into effect of this Agreement, the Service Provider shall obtain prior written consent of the Principal for the replacement of a Sub-Contractor:

- (a) whose capacities the Service Provider has relied on during the selection or evaluation stages of the Procurement Procedure;
- (b) who carries out at least 10% (ten per cent) of the total value (Contract Price) of the Services.

Review and evaluation of the replacement Sub-contractors shall be carried out, and the consent or refusal to give consent shall be rendered by the Principal in accordance with the applicable Law of the Republic of Latvia in the area of public procurement.

The Service Provider shall replace the Sub-contractor which, during the effectiveness of this Agreement, meets any of the compulsory grounds for exclusion of tenderers (or sub-contractors) that were verified during the Procurement Procedure.

- 3.8. *Responsibility for Performance by Sub-Contractors.* The Service Provider shall retain the complete responsibility for the proper performance of all of its obligations under this Agreement, and any act, failure to act, breach or negligence on the part of its Approved Sub-Contractors shall, for the purposes of this Agreement, be deemed to be the act, failure to act, breach or negligence of the Service Provider.
- 3.9. *Obligations of Service Provider on Termination.* In the event of issue or receipt of a notice of termination of the Agreement under Clause 8.1, the Service Provider shall:
- (a) take immediate steps to bring an end to the performance of the Service in an orderly manner;
 - (b) make arrangements to minimize the expenditure under this Agreement as rapidly as possible; and
 - (c) pass to the Principal a complete set of any documents, manuals or other information that the Principal may require in connection with the Project and the Railway and which, at the time of termination, are in the possession or under the control of the Service Provider.
- 3.10. *No Material Interference.* The Service Provider agrees that non-Principal activities undertaken by the Service Provider will be managed so as not to materially interfere with the Service Provider's obligations to the Principal under this Agreement.

- 3.11. *No Conflicting Activity.* Except with the Principal's knowledge and express written permission, the Service Provider shall not engage in any activity, or accept any employment, other agreement, interest, or contribution that would reasonably appear to compromise the Service Provider's professional judgment and performance with respect to the Service and/or the Project. In performing the Service, the Service Provider shall take all necessary measures to prevent any situation where the impartial and objective implementation of the Service is compromised for reasons involving economic interest, political or national affinity, family or emotional ties or any other shared interest.
- 3.12. *Certain Negative Covenants.* In carrying out the Service, the Service Provider undertakes not to procure goods or services of any kind from any Person meeting any of the following criteria:
- (a) the Person who is a member of the Management Board or Supervisory Board of an Approved Sub-Contractor or procurator of an Approved Sub-Contractor, or is authorized to represent or act on behalf of an Approved Sub-Contractor with respect to any activity related to any subsidiary company of such Approved Sub-Contractor, and such Person has been accused of commitment of any of the following criminal offences pursuant to an order issued by a public prosecutor or was found to be guilty of commitment of any of the following criminal offences in accordance with a court judgment that has entered into legal force, is non-disputable and non-appealable:
 - (i) accepting a bribe, giving of a bribe, misappropriation of a bribe, intermediation toward giving or taking of a bribe, acceptance of a prohibited benefit or commercial bribing;
 - (ii) fraud, misappropriation of funds or money laundering;
 - (iii) tax evasion or evasion of payments equivalent to tax;
 - (iv) terrorism, financing of terrorism, instigation of acts of terrorism, terrorist threats or recruitment and training of a person with the aim of committing acts of terrorism;
 - (b) the Person has, by decision of a competent authority or judgment of a court which has entered into legal force and is non-disputable and non-appealable, been found guilty of violation of labour law in any of the following manners:
 - (i) employment of one or more citizens or nationals of countries who are not citizens or nationals of a Member State of the European Union and are residing in the territory of a Member State of the European Union unlawfully;
 - (ii) employment of one or more persons without having entered into written employment agreement with such persons, or without having submitted an employee declaration with respect to such persons within a period of time stipulated in accordance with applicable laws and regulations applicable to persons that enter into salaried employment;
 - (c) the Person who, by decision of a competent authority or in accordance with judgment of a competent court which has entered into legal force, is non-disputable and non-appealable, has been held guilty of violation of applicable rules of competition law manifested as a vertical agreement aimed at restricting the ability of one or more purchasers to determine the resale price, or a horizontal cartel agreement, with the exception of instances where the relevant authority, upon having established the fact of violation of applicable rules of competition law, has discharged the candidate or participant in a tender offer from imposition of a fine or has reduced the amount of fine as a part of co-operation leniency programme;
 - (d) the Person who has insolvency proceedings initiated against it (except in the circumstances where a bailout or a similar set of measures are applied within the insolvency proceedings and are aimed at preventing the bankruptcy and restoring the debtor back to solvency, in which case the Service Provider shall evaluate the possibility of participation by such Person in performing the Service), economic activity of the Person has been suspended or discontinued, bankruptcy proceedings have been initiated against the Person or the Person is subject to a liquidation;
 - (e) the Person has unpaid tax indebtedness in the country where the Procurement Procedure is organised or in the country where the Person is registered or permanently residing as a tax payer, including the indebtedness with respect to State social insurance contributions, in the total amount exceeding EUR 150 in each individual country; in such case, the Service Provider

can, within its sole discretion, prompt the Approved Sub-Contractor to pay or discharge all outstanding tax indebtedness within 10 (ten) Working Days and, upon such payment or discharge, allow the Person to continue performance of the Service; and

- (f) any of the above-mentioned criteria shall apply to all members of a group of persons if the Person is a group of persons.

3.13. *Visibility Requirements.* At all times during provision of the Service, the Service Provider undertakes to comply with each of the following requirements:

- (a) any report, brochure, document or information related to the Service provided by the Service Provider to the Principal or any other Person, or which the Service Provider makes publicly available shall include each of the following:
 - (i) a funding statement which indicates that the Service is financed from CEF funds substantially in the following form: "Rail Baltic/Rail Baltica is co-financed by the European Union's Connecting Europe Facility";
 - (ii) with respect to printed materials, a disclaimer releasing the European Union from liability with respect to any contents of any distributed materials substantially in the form as follows: "The sole responsibility of this publication lies with the author. The European Union is not responsible for any use that may be made of the information contained therein". The disclaimer in all official languages of the European Union can be viewed on the website <https://ec.europa.eu/inea/connecting-europe-facility/cef-energy/beneficiaries-info-point/publicity-guidelines-logos>; and
 - (iii) the flag of the Council of Europe and the European Union.
- (b) the requirements set forth in Clauses 3.13(a)(i) and 3.13(a)(iii) of this Agreement can be complied with by means of utilizing the following logo:



Co-financed by the European Union
Connecting Europe Facility

in the event the Service Provider decides to utilize the above logo, the Service Provider shall ensure that the individual elements forming part of the logo are not separated (the logo shall be utilized as a single unit) and sufficient free space is ensured around the logo; and

- (c) in order to comply with the latest applicable visibility requirements established by the European Union, the Service Provider shall regularly monitor changes to visibility requirements; as of the Effective Date, the visibility requirements are available for review on the webpage <https://ec.europa.eu/inea/connecting-europe-facility/cef-energy/beneficiaries-info-point/publicity-guidelines-logos>.

Section IV. OBLIGATIONS OF PRINCIPAL

- 4.1. *Acting in Good Faith and Supply of Information.* At all times during the term of this Agreement, the Principal undertakes to act in good faith toward the Service Provider in respect of all matters under this Agreement. The Principal shall, so as not to delay the Service and within a reasonable time, supply to the Service Provider free of cost all information in the power of the Principal to obtain which pertains to the Service, the Project and the Railway. The Principal shall, free of any Costs to the Service Provider, to the extent not explicitly stated otherwise in this Agreement, comply with all of its obligations under this Agreement, including with respect to carrying out any action or providing any information identified and specifically requested by the Service Provider, as reasonably necessary to enable the Service Provider to progress the Service. Information or instructions provided to the Service Provider by or on behalf of the Principal in connection with the Railway or the Project shall be prepared and given in such a diligent and professional manner and with such clarity, in such detail and in as timely manner as is necessary to enable the Service Provider to comply with its obligations under this Agreement.
- 4.2. *Decisions by Principal.* On all matters properly referred to it by the Service Provider in writing the Principal shall give its decision in writing so as not to delay the Service and within a reasonable time.

- 4.3. *No Material Interference.* The Principal agrees that non-Service Provider activities undertaken by the Principal will be managed so as not to materially interfere with the Principal's obligations to the Service Provider under this Agreement.

Section V. PERSONNEL AND REPRESENTATIVES

- 5.1. *Representatives.* Each Party shall appoint an officer, employee or individual to serve as its representative toward supply or receipt of the Service with full authority to act on its behalf in connection with this Agreement (hereinafter, the "Representative"), the initial Representatives having been identified in accordance with Annex N (*Representatives*). Any restriction placed by either Party on its Representative's authority shall be notified to the other Party in writing in order to be effective. The Representatives may delegate their authority by notice in writing specifying the identity of the delegate and specifying the scope of authority so delegated. In addition to the appointment of a Representative in accordance with this Clause 5.1, to the extent required by the Principal, the Service Provider shall designate an individual to liaise with the Representative of the Principal in each country where the Project is implemented.
- 5.2. *Changes in Personnel.* To the extent necessary to replace any person among personnel or Representative of either Party engaged toward provision or receipt of the Service, the Party responsible for the appointment of such person shall immediately arrange for replacement of the appointed person by another person of comparable competence. The costs of such replacement shall be borne by the Party responsible for the appointment, except that if the replacement is requested by the other Party,
- (a) such request shall be made in writing and state the reason for the request; and
 - (b) the Party making the request shall bear the costs of replacement, unless misconduct or inability to perform is satisfactorily established as the reason for the replacement.
- 5.3. *Supplemental Personnel.* To the extent necessity arises to supplement the personnel of the Service Provider engaged toward provision of the Service with additional personnel, the Service Provider shall immediately arrange for engagement of such supplemental personnel. The costs of such engagement shall be borne by the Service Provider. For the avoidance of any doubt, the engagement of supplemental personnel under this Clause 5.3 shall not require approval by the Principal.

Section VI. SERVICE MEETINGS, REPORTING AND RISK REDUCTION

- 6.1. *Service Meetings.* The Service Provider shall arrange project development meetings at monthly intervals (or more frequently, to the extent mutually agreed by the Parties), at which appropriate personnel of the Service Provider and the Principal and the Representatives of each Party shall be present, to discuss the progress of the Service. The Service Provider shall give appropriate notice of and agree the time, location and agenda of each project development meeting with the Principal. All opinions or concerns expressed at and decisions adopted during each project development meeting shall be duly recorded or protocolled in writing or electronically.
- 6.2. *Reporting.* The Service Provider shall, in a format and at intervals to be agreed with the Principal:
- (a) provide the Principal with regular reports and status updates on the progress of the Works and the ability to meet the requirements of the Service Schedule;
 - (b) use reasonable endeavours to provide any other information and status updates as may be reasonably requested by the Principal at any time.
- 6.3. *Early Warnings.* Each Party undertakes to give an early warning by notifying the other Party as soon as such Party becomes aware of any matter that is capable of producing any of the following effects:
- (a) delay any Service Milestone or date of supply of any Deliverable specified in accordance with Annex D (*Service Schedule and Rates*); or
 - (b) impair the usefulness of the Service to the Service Provider.

Notwithstanding the above, the Service Provider may give an early warning by notifying the Principal of any other matter which the Service Provider deems to be necessary. The Principal shall enter each early warning into the Risk Register.

- 6.4. *Risk Reduction Meetings.* Either Party may instruct the other Party to attend a risk reduction meeting at which appropriate personnel of each Party and, to the extent practicable, the Representatives of each Party, shall be present, in order for those who attend to co-operate with respect to any of following matters:
- (a) making and considering proposals for how the effect of the risks registered with the Risk Register can be avoided or reduced;
 - (b) deciding on the course of action which will be taken and which Party, in accordance with this Agreement, will take the relevant course of action; and
 - (c) deciding which risks have now been avoided or have passed and can be removed from the Risk Register.
- 6.5. *Risk Register Revisions.* The Principal shall be responsible for revising the Risk Register to record the decisions made at each risk reduction meeting and issuing the revised Risk Register to the Service Provider. In the event a decision requires a modification to be made to the Scope of Service specified in accordance with Annex C (*Scope of Service*), the Principal shall request an Alteration to the Scope of Service to be made in accordance with Clause 2.3 at the same time as the Principal issues the revised Risk Register.
- 6.6. *Obligation to Act Pursuant to Principal's Comments.* The Service Provider shall have due regard to any comments expressed by the Principal in connection with any report or at any meeting, and shall provide reasons to the Principal where it does not take into account any such comments or representations.
- 6.7. *Ambiguities and Inconsistencies.* Either Party shall notify the other Party as soon as it becomes aware of any ambiguity or inconsistency in or between the documents forming part of this Agreement or inconsistency in such documents and comments made by the Principal under Clause 6.5. The Principal shall have the absolute and exclusive discretion in resolving any such ambiguity or inconsistency.

Section VII. COMMENCEMENT OF SERVICE, REMEDY OF DEFECTS AND ACCEPTANCE

- 7.1. *Service Commencement.* The Service Provider shall not commence provision of the Service until Service Start Date specified in accordance with Annex D (*Service Schedule and Rates*) and shall ensure that each Service Milestone identified in the Service Schedule is met by the date specified in the Service Schedule and each Deliverable is supplied to the Principal, at such location and such manner as designated by the Principal, on or before each relevant Service Milestone. The Service Provider shall progress the Service to completion with due diligence having due regard to any applicable Service Milestones and any other key dates for the performance of the Service set out in accordance with Annex D (*Service Schedule and Rates*), as may be amended from time to time with the consent of the Principal or in accordance with this Agreement.
- 7.2. *Impediments and Delays.* In the event the Service, or any part thereof, is impeded or delayed by the Principal or any third party engaged by the Principal so as to increase the duration of the Service or any of the applicable Service Milestones:
- (a) the Service Provider shall inform the Principal of the circumstances and probable effects of such impediment or delay upon the Service Schedule; and
 - (b) the duration of the Service shall be increased and any Service Milestone(s) affected by the impediment or delay shall be extended accordingly.
- 7.3. *Defects.* Until the Defects Date specified in accordance with Annex D (*Service Schedule and Rates*) the Principal shall notify the Service Provider of any Defects of any kind as soon as Defects are identified by the Principal and the Service Provider shall have an obligation to notify the Principal of any Defects of any kind as soon as Defects are identified by the Service Provider. Upon discovery of any Defects, or upon receipt by the Service Provider of a notification of Defects from the Principal, the Service Provider shall have fourteen (14) calendar days to remedy the Defects, irrespective of the nature of such Defects (hereinafter, the "Cure Period"). In the event of inability or failure by the Service Provider to remedy the Defects within the Cure Period, the Principal shall be entitled, in the sole and exclusive discretion of the Principal, to do any of the following:
- (a) allow the Service Provider an additional time period for remedying the Defects, such time period to be determined in the sole discretion of the Principal;

- (b) remedy the Defects, irrespective of the extent or nature of the Defects, at own cost of the Principal (including by means of relying on the services of a third Person) and demand reimbursement by the Service Provider of Costs incurred by the Principal as a result of having to pay other Persons toward carrying out any work or action;
- (c) terminate the Agreement according to Clause 8.1; or
- (d) remedy the Defects, irrespective of the extent or nature of the Defects, in accordance with Clause 7.3(b) and terminate the Agreement pursuant to Clause 8.1.

For the avoidance of any doubt, the application of the Cure Period under this Clause 7.3 shall be without prejudice to and shall not relieve the Service Provider from the obligation to pay any contractual penalty in accordance with the provisions of Clause 17.2 or to pay Damages in accordance with the provisions Clause 17.3 of this Agreement.

7.4. *Defects Date.* On the Defects Date the Principal shall notify the Service Provider of all Defects which has been found. The Contractor shall have an obligation to correct each Defect, irrespective of the nature or extent of Defect, within a reasonable period of time determined in the sole discretion of the Principal in a manner which eliminates the adverse effect of the relevant Defect on the Principal and/or the Project. In the event of failure by the Service Provider to eliminate the Defect in accordance with this Clause 7.4, the Principal shall assess the Costs to the Principal of having the Defect eliminated by other Persons and the Contractor shall have an obligation to pay the amount of such Costs.

7.5. *Completion of Service and Provisional Completion Certificate.* Meeting of a Service Milestone or supply of a Deliverable occurs whenever the Service Provider has completed all of the Works which the Service Provider has undertaken to perform according to the Scope of Service and Service Schedule by the relevant Service Milestone. On meeting a Service Milestone and/or producing a Deliverable (including all Documentation forming part of the Deliverable) constituting all or an identifiable part of the Service, the Service Provider shall issue to the Principal a Provisional Completion Certificate substantially in the form of Annex K (*Provisional Completion Certificate*) (hereinafter, the "Provisional Completion Certificate"). The Provisional Completion Certificate shall include the Deliverable and adequate supporting documentation relevant to the Service Milestone attained and/or Deliverable completed.

7.6. *Objection Notice and Provisional Acceptance Certificate.* In the event the Principal objects to the issuance of a Provisional Completion Certificate, it shall give notice to the Service Provider setting out in reasonable detail Defects or reasons for the objection (hereinafter, the "Objection Notice") within reasonable time following receipt of the Provisional Completion Certificate. In the event no reasons for objection to the Provisional Completion Certificate exist, the Principal shall issue, within reasonable time following receipt of the Provisional Completion Certificate, a Certificate of Provisional Acceptance in the form of Annex L (*Provisional Acceptance Certificate*) (hereinafter, the "Provisional Acceptance Certificate"). Subject to Clause 3.6 of this Agreement, the date of the Provisional Acceptance Certificate shall constitute "Completion Date" with respect to the relevant Service Milestone and/or Deliverable. The Principal shall not unreasonably withhold or delay issuance of a Provisional Acceptance Certificate. The Provisional Acceptance Certificate may have annexed to it a list of any outstanding Defects or deficiencies to be corrected by the Service Provider.

7.7. *Completion of Service Following Receipt of Objection Notice.* In the event of receipt by the Service Provider of an Objection Notice in accordance with Clause 7.6, the Service Provider shall:

- (a) take due account of all Defects, irrespective of their extent or nature, and other matters raised in the Objection Notice;
- (b) as soon as reasonably practicable, correct such Defects and deficiencies, irrespective of their extent or nature, and complete the Works indicated in the Objection Notice so as to comply in all material respects with the requirements of this Agreement; and
- (c) issue to the Principal a second Provisional Completion Certificate substantially in the form of Annex K (*Provisional Completion Certificate*).

The second Provisional Completion Certificate issued in accordance with Clause 7.7(c) shall include the Deliverable and adequate supporting documentation relevant to the Service Milestone attained and/or Deliverable completed. In the event no reasons for objection to the second Provisional Completion Certificate exist, the Principal shall, within reasonable time following receipt of the second Provisional Completion Certificate, issue a Certificate of Provisional Acceptance in the form of Annex L (*Provisional Acceptance Certificate*) and, subject to the provisions of Clauses 3.6 and 8.1(b) of this Agreement, the date of the Provisional Acceptance Certificate shall constitute "Completion Date" with respect to the

relevant Service Milestone and/or Deliverable. In the event the Principal objects to the issuance of a Provisional Completion Certificate, it shall give second Objection Notice to the Service Provider setting out in reasonable detail Defects or reasons for the objection within reasonable time following receipt of the second Provisional Completion Certificate. For the avoidance of any doubt, the giving by the Principal of any Objection Notice under Clause 7.6 or second Objection Notice under this Clause 7.7 shall be without prejudice to and shall not relieve the Service Provider from the obligation to pay any contractual penalty in accordance with the provisions of Clause 17.2 or to pay Damages in accordance with the provisions Clause 17.3 of this Agreement.

- 7.8. *Final Acceptance.* Final acceptance of the Service shall occur upon remedying by the Service Provider of all Defects notified by the Principal to the Service Provider in accordance with Clause 7.4, irrespective of the extent or nature of such Defects. Final acceptance shall be evidenced by means of the Principal issuing and both Parties attaching their signatures to the Final Acceptance Certificate substantially in the form of Annex M (*Final Acceptance Certificate*) (hereinafter, the "Final Acceptance Certificate"). In the event the Principal objects to the issuance of the Final Acceptance Certificate, no later than on the Defects Date, the Principal shall give notice to the Service Provider setting out in reasonable detail all Defects which remain un-remedied, or reason(s) for refusal to issue the Final Acceptance Certificate. The date of the Final Acceptance Certificate shall constitute the "Final Acceptance Date" with respect to the Service. The Principal shall not unreasonably withhold or delay issuance of a Final Acceptance Certificate.

Section VIII. TERMINATION

- 8.1. *Termination for Material Breach.* Subject to the provisions of Clause 8.2, either Party shall be entitled to terminate this Agreement upon giving a written notice of termination to the other Party in the event of material breach by the other Party of any of its obligations under this Agreement. The written notice of termination shall contain an itemized description of the breach. For the purposes of this Clause 8.1 an event of material breach shall include any of the following:

- (a) commitment by a Party of any persistent or material breach of this Agreement (which shall include failure to pay an amount of at least EUR 5,000 due to the other Party or perform any part of the Service valued at least EUR 5,000) and, in the event of a breach which is capable of remedy, failure to remedy that breach within fourteen (14) Working Days (or such longer period as the terminating Party may specify) following receipt of a written notice describing the breach in reasonable detail and requiring the breach to be remedied;
- (b) failure by the Service Provider to duly address any of the matters raised in the second Objection Notice given by the Principal in accordance with Clause 7.6;
- (c) failure by any Deliverable to conform to any of the material requirements to such Deliverable contained in Annex D (*Service Schedule and Rates*), provided that such failure is not capable of being remedied during the Cure Period; or
- (d) failure by the Principal to make any payment to the Service Provider in accordance with this Agreement within at least fourteen (14) Working Days from the date of payment falling due;
- (e) any of the representations or warranties given by either Party under Clause 3.8 or any of the representations or warranties given by the Service Provider under Clause 3.9 proving to be untrue; or
- (f) breach by the Service Provider of any of the representations or warranties contained in Clause 9.6 or breach by the Service Provider of the undertaking contained in Clause 9.10.

- 8.2. *Corrective Period.* In the event of breach by either Party of its obligations under this Agreement, the non-breaching Party shall allow the breaching Party fourteen (14) days for corrective action or submission of a corrective action plan (hereinafter, the "Corrective Period"). The Corrective Period shall be counted from the date of receipt by the breaching Party of a written notice of breach. Should no satisfactory corrective action be taken or acceptable corrective action plan provided by the breaching Party, the non-breaching Party shall have the right to terminate the Agreement. It is acknowledged and agreed by the Parties that the provisions of this Clause 8.2. shall not apply with respect to any of the events enumerated in accordance with Clause 8.5. In addition and for the avoidance of any doubt, the application of the Corrective Period under this Clause 8.2 shall be without prejudice to and shall not relieve either Party from the obligation to pay any contractual penalty in accordance with the provisions

of Clause 17.2 or to pay Damages incurred by the other Party in accordance with the provisions of Clause 17.3.

- 8.3. *Alteration Not Material Breach.* It is agreed and acknowledged by the Parties that, for the purposes of Clause 8.1, no Alteration agreed by the Parties shall constitute a “material breach”, provided that such Alteration is objectively justified and indispensable to attain objectives of the Project, is carried out in accordance with applicable public procurement Laws of the Republic of Latvia and relates to any of the following matters:
- (a) modification of the terms and conditions of this Agreement in a manner altering the terms and conditions set forth in documents forming part of the Procurement Procedure, provided that necessity of such modification is due to no fault of the Service Provider;
 - or
 - (b) substitution of a supplier or Approved Sub-Contractor selected during the Procurement Procedure with another supplier or sub-contractor in accordance with applicable public procurement Laws of the Republic of Latvia.
- 8.4. *Right to Terminate Immediately.* Notwithstanding anything to the contrary contained in this Agreement, a Party may terminate this Agreement immediately upon giving the other Party a written notice of termination explaining, in reasonable detail, the reason for termination upon occurrence of any of the following:
- (a) breach by the other Party of Clause 15.7;
 - (c) an event of Force Majeure has been continuing during more than sixty (60) days;
 - (d) the other Party had passed a resolution for winding-up or liquidation (other than in order to amalgamate or reconstruct);
 - (e) the Service Provider breaches any of the confidentiality undertakings contained in Section X;
 - (f) the other Party is unable to pay its debts and has presented a petition for voluntary bankruptcy;
 - (g) the other Party had a bankruptcy order issued against it;
 - (h) the other Party has a provisional receiver or administrative receiver appointed over the whole or a substantial part of its undertaking or assets;
 - (i) liquidation proceedings have been initiated with respect to the other Party or the other Party is declared insolvent;
 - (j) the making by the other Party of a proposal for a voluntary arrangement with creditors; or
 - (k) the occurrence of any event analogous to the events enumerated under Clauses 8.4 (g) – (k) under the law of any jurisdiction to which the other Party’s assets and undertaking are subject.
- 8.5. *Right to Advance to Completion.* In the event the Service Provider fails to fulfil any of its obligations, or fails to cure any breach in accordance with Clause , and the Agreement is terminated by the Principal, the Principal may advance the Service to completion by employing the services of other professional service supplier(s) or by other means available to the Principal. The Service Provider shall be liable to the Principal for any and all additional costs incurred due to failure by the Service Provider to perform. The rights and remedies available to the Principal set forth in accordance with this Clause 8.5 shall be in addition to any and all other rights and remedies available under Applicable Law.
- 8.6. *Consequences of Termination.* Upon expiration or termination of this Agreement, the obligations of the Parties set forth in this Agreement shall cease, except with respect to the following:
- (a) any obligations arising as a result of any antecedent breach of this Agreement or any accrued rights; and
 - (b) the provisions stipulated in accordance with Clauses 3.3, 7.4, 8.7, 9.6, 9.7, 9.8, 9.9, 9.11, 9.12, 14.5, 14.7, 14.8, 14.9, 16.1, 16.3, 16.5, 16.6, 16.7 , 18.1 and Sections X, XII, XIII and XIX which shall survive the termination or expiry of this Agreement and continue in full force and effect along with any other Clauses of or Annexes hereof which are necessary to give effect to the clauses specifically identified in this Clause 8.6(b).

- 8.7. *Partial Acceptance.* Notwithstanding anything in this Agreement to the contrary including, without limitation, the provisions of Clauses 7.6, 7.7 and 7.8 and in the event of termination of this Agreement, the Principal shall have the right, in the sole discretion of the Principal, to partially accept any Works, part of Works or part of the Service delivered to the Principal under this Agreement (hereinafter, the "Right of Partial Acceptance"). The Principal shall notify the Service Provider of its intention to exercise the Right of Partial Acceptance in the termination notice given in accordance with Clause 8.1 or Clause 8.4 of this Agreement, specifying, in reasonable detail, the Works, part of Works or part of the Service which the Principal would like to partially accept. In the event of receipt of such notice, the Service Provider shall reasonably cooperate with the Principal in order to ascertain transfer to the Principal of ownership in the result(s) of such Works, part of Works or part of the Service and determination of the amount of consideration payable by the Principal.
- 8.8. *Principal's Obligation to Pay.* Subject to the provisions of Clause 8.7 and except in the event of termination by the Principal occurring as a result of violation by the Service Provider of Clause 14.7, in the event this Agreement is terminated for any reason prior to completion of the Service, the Principal shall have an obligation to pay the Service Provider the following:
- (a) the Costs incurred by the Service Provider up to the date of termination; and
 - (b) except where termination is due to negligence of the Service Provider, breach by the Service Provider, insolvency of the Service Provider or a Force Majeure Event under Section XI:
 - (i) an amount equal to the costs reasonably and properly incurred by the Service Provider as a result of or in connection with such termination; and
 - (ii) such additional amount as is required to put the Service Provider in the same after tax position (taking into account the amount of any relief, allowance, deduction, set-off or credit relating to tax available to the Service Provider in respect of the payment received) as it would have been in if the payment had not been a taxable receipt in the hands of the Service Provider.
- 8.9. *No Obligation to Pay Costs Incurred Prior to Acceptance.* Notwithstanding anything set forth in this Agreement to the contrary including, without limitation, in accordance with Clause 8.7, the Principal shall have no obligation to pay any of the Costs incurred by the Service Provider with respect to any Works or the Service (or part of any Works or the Service) not deemed as having been accepted by the Principal in accordance with Clauses 7.6, 7.7 or 7.8 of this Agreement.
- 8.10. *No Prejudice to Other Rights.* The right to terminate this Agreement shall be without prejudice to any other right of either Party which has accrued prior to or as a result of such termination or to any remedy available to either Party under the terms of this Agreement or in accordance with Applicable Law.

Section IX. INTELLECTUAL PROPERTY RIGHTS

- 9.1. *Principal as Sole Proprietor.* All Documentation forming part of the Deliverables developed under this Agreement is and shall become the property of the Principal regardless of whether the Service or Deliverable is produced or finally accepted. It is acknowledged and agreed by the Parties that the Principal is permitted to reproduce the drawings and distribute the prints in connection with the use or disposition of the Documentation without incurring obligation to pay any royalties or additional compensation whatsoever to the Service Provider.
- 9.2. *Intellectual Property in Documentation.* The Service Provider represents and warrants that it owns all Intellectual Property in all Documentation deliverable by or on behalf of the Service Provider under this Agreement and that, to the extent any Intellectual Property in any Documentation is not owned by the Service Provider, it has obtained all requisite consents from owner(s) of all Intellectual Property in the Documentation to fulfil all of the obligations undertaken by the Service Provider under this Agreement and has fully discharged all obligations with respect to payment of any royalties or fees.
- 9.3. *Transfer of Ownership to Principal.* The Principal shall acquire legal title to and ownership in the Intellectual Property in all Documentation deliverable to the Principal under this Agreement as of the moment of delivery by the Service Provider to the Principal of the Provisional Completion Certificate, together with the Deliverable and Documentation forming part of the Deliverable, in accordance with Clause 7.5 of this Agreement; provided, however, that the Principal has paid the Service Fee or other consideration payable under the terms of this Agreement with respect to the relevant part of the Service

or Deliverable. For the avoidance of any doubt, such title and ownership shall confer upon the Principal, without limitation, each of the following:

- (a) the right to reproduce the Documentation, or any part thereof, and distribute copies of the Documentation or any part thereof;
- (b) the right to modify, amend and supplement the Documentation, or any part thereof;
- (c) the right to licence the Documentation, or any part thereof, for use by others; and
- (d) the right to transfer ownership in the Documentation, or any part thereof, to others.

9.4. *Grant of Limited License to Service Provider.* Upon acceptance by the Principal of any Deliverable and Documentation forming part of any Deliverable in accordance with Clause 7.5, the Principal shall be deemed to have granted the Service Provider an irrevocable and exclusive licence to reproduce, modify and distribute copies of any Documentation forming part of any Deliverable for the purposes of the Service and the Project, subject to the following restrictions:

- (a) the license shall apply during the term of this Agreement only;
- (b) the permitted use shall only cover the right to reproduce, modify and distribute the Documentation, or any part thereof, for the purposes of performing, implementing or modifying the Service; and
- (c) the Documentation, or any part thereof, shall not, without the prior consent by the Principal, be distributed or communicated to any third party for purposes other than those permitted in accordance with this Clause 9.4.

The license in accordance with this Clause 9.4 shall be deemed to have been granted to the Service Provider as of the Completion Date.

9.5. *No Additional Royalty.* It is acknowledged and agreed by the Parties that consideration for the transfer of ownership in the Intellectual Property shall be forming part of Service Fee and no additional royalty, fee or other consideration of any kind shall be payable by the Principal to the Service Provider or any third party in consideration of the transfer of ownership in the Intellectual Property in any Documentation.

9.6. *No Infringement.* The Service Provider represents and warrants to the Principal that no Documentation deliverable to the Principal under the terms of this Agreement will infringe any existing Intellectual Property of any third party. In the event any of the representations or warranties contained in this Section IX prove to be untrue or inaccurate, the Service Provider undertakes, at its own cost and expense, to defend and settle any claim raised by any third party alleging infringement of Intellectual Property in the Documentation. The foregoing undertaking by the Service Provider shall apply subject to the following conditions:

- (a) the Principal shall notify the Service Provider, without undue delay, of any third party claim alleging infringement of any Intellectual Property in any Documentation;
- (b) the Principal refrains from admitting liability under any third party claim or acting on the account of such claim without prior approval by the Service Provider; and
- (c) the exclusive control over any legal proceeding or settlement related any third party claim shall be exercised by the Service Provider; provided, however, that the Principal shall render the Service Provider all reasonable assistance toward such proceeding or settlement, at the cost and expense of the Service Provider.

9.7. *Infringement Proceedings.* In the event the Principal is a party to legal proceedings involving allegations of infringement of any Intellectual Property in the Documentation of any third party, the Service Provider shall keep the Principal fully informed of all aspects relevant to the legal proceedings and the Principal shall have the right, at its own cost, to be represented in the legal proceedings by separate counsel. In the event the Service Provider fails to act against claims alleging infringement of any Intellectual Property in the Documentation of any third party within reasonable time but, in any event, within twenty (20) days of having been notified of such claims, the Principal shall have the right to assume legal defence against claims alleging infringement of Intellectual Property and shall be entitled to reimbursement by the Service Provider of reasonable costs and expenses incurred toward such defence.

- 9.8. *Continued Use.* In the event a court of competent jurisdiction resolves in a binding judgment that the Documentation, or any part thereof, infringe Intellectual Property of any third party, the Service Provider shall, at its own cost and expense, procure for the Principal the right of continued use of the Documentation, or part thereof infringing Intellectual Property of a third party.
- 9.9. *License in Intellectual Property of Service Provider.* The Service Provider hereby grants the Principal an irrevocable and non-exclusive license to use, reproduce, modify and/or enhance any Intellectual Property of the Service Provider, provided and to the extent Intellectual Property of the Service Provider is used by the Principal for the purposes of the Railway and/or the Project. It is agreed and acknowledged by the Parties that the license fee for the grant of license in accordance with this Clause 9.9 forms part of Service Fee and such license shall continue to be valid irrespective of expiration of this Agreement following completion of the Service or termination of this Agreement for any reason.
- 9.10. *Obligation to Procure Intellectual Property Rights.* Where the Service Provider is not the legal owner of any relevant Intellectual Property of the Service Provider, the Service Provider shall use reasonable endeavours to procure for the Principal the rights specified in accordance with Clause 9.9.
- 9.11. *Obligation to Indemnify with Respect to Uses Other Than for the Purpose.* The Principal shall defend and indemnify the Service Provider from and against any and all Damages arising from the use by the Principal of any Intellectual Property of the Service Provider other than for the purposes of the Railway and/or the Project.
- 9.12. *Indemnification by the Service Provider.* The Service Provider shall defend and indemnify the Principal from and against any and all Damages arising from the use by the Principal of any Intellectual Property of the Service Provider, to the extent use by the Principal is within the scope of the license granted to the Principal in accordance with Clause 9.9.

Section X. CONFIDENTIALITY

- 10.1. *Confidential Information.* “Confidential Information” means in relation to the Principal all information of a confidential nature relating to the Principal and its Affiliates which is supplied by the Principal (whether before or after the Effective Date) to the Service Provider, either in writing, orally or in any other form and includes all analyses, compilations, notes, studies, computer files, memoranda and other documents which contain or otherwise reflect or are derived from such information, but excludes information which:
- (a) the Principal confirms in writing is not required to be treated as confidential; or
 - (b) the Service Provider can show that the Confidential Information was in its possession or known to it (by being in its use or being recorded in its files or computers or other recording media) prior to receipt from the Principal and was not previously acquired by the Service Provider from the Principal under an obligation of confidence; or
 - (c) was developed by or for the Service Provider at any time independently of this Agreement.
- 10.2. *Undertakings with Respect to Confidential Information.* Subject to the provisions of Clauses 10.1 and 10.3, the Service Provider shall:
- (a) at all times keep confidential all Confidential Information received by it and shall not disclose such Confidential Information to any other Person; and
 - (b) procure that its Affiliates and the respective officers of the Service Provider and its Affiliates as well as their employees and agents shall keep confidential and not disclose to any Person any Confidential Information, except with the prior written consent of the Party to which such Confidential Information relates.
- 10.3. *Permitted Disclosures.* Notwithstanding anything to the contrary set forth in accordance with Clauses 10.1 and 10.2, the Service Provider shall, without the prior written consent of the Principal, be entitled to disclose Confidential Information:
- (a) that is reasonably required by the Service Provider in the performance of its obligations pursuant to this Agreement, including the disclosure of any Confidential Information to any employee, contractor, agent, officer, sub-contractor (of any tier) or adviser to the extent necessary to enable the Service Provider to perform its obligations under this Agreement;

- (b) to enable a determination to be made pursuant to Section XVIII;
 - (c) to its lenders or their professional advisers, any rating agencies, or its insurance advisers but only to the extent reasonably necessary to enable a decision to be taken on the proposal;
 - (d) to the extent required by Applicable Law or pursuant to an order of any court of competent jurisdiction, any parliamentary obligation or the rules of any stock exchange or governmental or regulatory authority having the force of law;
 - (f) in order to fulfil its license obligations or assist in the planning or execution of other maintenance, renewal or enhancement projects; or
 - (g) to the extent Confidential Information has become available to the public other than as a result of any breach of an obligation of confidence; provided that any such disclosure is made in good faith.
- 10.4. *Obligation of Confidentiality Pertinent to Recipients of Confidential Information.* Whenever disclosure is permitted to be made pursuant to Clause 10.3, the Service Provider shall require that the recipient of Confidential Information be subject to the same obligation of confidentiality as that contained in this Agreement.
- 10.5. *Certain Obligations on Termination of Agreement.* If this Agreement is terminated for whatsoever reason, the Service Provider shall have an obligation to do all of the following:
- (a) return to the Principal all of the Confidential Information then within the possession or control of the Service Provider; or
 - (b) destroy such Confidential Information using a secure and confidential method of destruction.
- 10.6. *No Press Release by Service Provider.* Save as required by Applicable Law, the Service Provider shall not issue any press release in relation to the matters contemplated under this Agreement without the prior written consent of the Principal (such consent not to be unreasonably withheld or delayed) as to both the content and the timing of the issue of the press release.
- 10.7. *Right to Publish.* For the avoidance of doubt, the Principal and any of the Beneficiaries and Implementing Bodies shall have the right to publish any of the documents, information or data provided by the Service Provider to the Principal during provision of the Service.
- 10.8. *Remedies.* The Parties acknowledge and agree that a breach of the provisions of this Section X may cause the owner of Confidential Information to suffer irreparable damage that could not be adequately remedied by an action at law. Accordingly, the Service Provider agrees that the owner of Confidential Information that is disclosed in breach of Clauses 10.2, 10.4 or 10.6 may be entitled to specific performance of those provisions to enjoin a breach or attempted breach thereof and to any other remedy, including, inter alia, damages and injunctive relief, awarded by a court of competent jurisdiction.

Section XI. FORCE MAJEURE

- 11.1. *Effects of Force Majeure.* Subject to the requirements set forth in accordance with Clauses 11.2 and 11.3, each Party shall be relieved from liability for nonperformance of its obligations under this Agreement (other than any obligation to pay) to the extent that the Party is not able to perform such obligations due to a Force Majeure Event.
- 11.2. *Action Upon Becoming Aware of Force Majeure.* Each Party shall at all times, following the occurrence of a Force Majeure Event:
- (a) take reasonable steps to prevent and mitigate the consequences of such an event upon the performance of its obligations under this Agreement;
 - (b) resume performance of its obligations affected by the Force Majeure Event as soon as practicable and use reasonable endeavours in accordance with Good Industry Practice to remedy its failure to perform; and
 - (c) not be relieved from liability under this Agreement to the extent that it is not able to perform, or has not in fact performed, its obligations under this Agreement due to any failure to comply with its obligations under Clause 11.1.

- 11.3. *Notification Requirements.* Upon the occurrence of a Force Majeure Event, the affected Party shall notify the other Party as soon as reasonably practicable and in any event within three (3) Working Days of it becoming aware of the relevant Force Majeure Event. Such notification shall give sufficient details to identify the particular event claimed to be a Force Majeure Event and shall contain detailed information relating to the failure to perform (or delay in performing), including the date of occurrence of the Force Majeure Event, the effect of the Force Majeure Event on the ability of the affected Party to perform, the action being taken in accordance with Clause 11.2 and an estimate of the period of time required to overcome the Force Majeure Event. The affected Party shall provide the other Party with any further information it receives or becomes aware of which relates to the Force Majeure Event and provide an update on the estimate of the period of time required to overcome its effects.
- 11.4. *Notification of Resumed Performance.* The affected Party shall notify the other Party as soon as practicable once the performance of its affected obligations can be resumed (performance to continue on the terms existing immediately prior to the occurrence of the Force Majeure Event).
- 11.5. *Mitigation of Effects of Force Majeure.* As soon as practicable after the notification specified pursuant to Clause 11.3, the Parties shall use reasonable endeavours to agree appropriate terms or modifications to the Scope of Service and Service Schedule to mitigate the effects of the Force Majeure Event and to facilitate the continued performance of this Agreement.

Section XII. RIGHT TO AUDIT

- 12.1. *Right to Audit.* Notwithstanding anything to the contrary set forth in this Agreement including, without limitation, the rights and obligations of the Parties stipulated in accordance with Section XII, the Principal itself, a reputable outside independent body or expert engaged and authorized by the Principal shall be entitled to inspect and/or audit the Service Provider to ensure compliance with the terms of this Agreement, including inspecting and/or auditing:
- (a) the performance of any aspect of the Service; and/or
 - (b) any documentation, including all payrolls, accounts of the Service Provider and/or other records used in or related to the performance of the Services.
- 12.2. *Obligation to Assist.* The Service Provider shall provide all reasonable assistance to the Principal or the independent body authorized by the Principal in carrying out any inspection or audit pursuant to this Section XII. The Principal shall be responsible for its own costs, or the costs incurred by the outside independent body designated by the Principal, incurred toward carrying out such inspection or audit, unless, in the case of any such audit, that audit reveals that the Service Provider is not compliant with the terms of this Agreement, in which case the Service Provider shall reimburse the Principal for all of its additional reasonable costs incurred, provided such non-compliance is material.
- 12.3. *Survival of Termination.* The rights and obligations of the Parties set forth in accordance with this Section XII shall survive expiration or termination of this Agreement for any reason and shall continue to apply during ten (10) years following expiration or termination of this Agreement.

SECTION XIII. ON-THE-SPOT VISITS

- 13.1. *Right to perform On-the-Spot visits.* By submitting a written notice five (5) Working Days in advance, but at the same time reserving the right of an unannounced on-the-spot visit without an advance notice, the Principal may carry out on-the-spot visits to the sites and premises where the activities implemented within the Agreement are or were carried out.
- 13.2. *Personnel involved.* On-the-spot visits may be carried out either directly by authorised staff or representatives of the Principal or by any other outside body or third party authorised to do so on behalf of the Principal. Information provided and collected in the framework of on-the-spot visits shall be treated on confidential basis. The Principal shall ensure that any authorised outside body or third party shall be bound by the same confidentiality obligations.
- 13.3. *Access to the information.* Contractor shall provide to the performer of the on-the-spot visit or any other authorised outside body or third party access to all the information and documents, including information and documents in electronic format, which is requested by the authorised staff of the performer of the on-the-spot visit or any other authorised outside body or third party for the performance of an on-the-spot visit and which relates to the implementation of the Agreement, as well as shall allow the authorised staff of the performer of the on-the-spot visit or any other authorised

outside body or third party the copying of the information and documents, with due respect to the confidentiality obligation.

- 13.4. *OLAF checks and inspections.* By virtue of Council Regulation (Euratom, EC) No 2185/961 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities and Regulation (EU) No 883/20132 of the European Parliament and the Council of 11 September 2013 concerning investigations conducted by the European Anti-Fraud Office (OLAF), OLAF may also carry out on-the-spot checks and inspections in accordance with the procedures laid down by European Union law for the protection of the financial interests of the European Union against fraud and other irregularities. Where appropriate, OLAF findings may lead to criminal prosecution under national law.

Section XIV. NOTICES AND COMMUNICATION

- 14.1. *Notices.* All notices and other communications made or required to be given pursuant to this Agreement shall be in writing and shall be deemed given if delivered personally or by facsimile transmission (if receipt is confirmed by the facsimile operator of the recipient), or delivered by overnight courier service, or mailed by registered or certified mail (return receipt requested), postage prepaid, to the Parties at the following addresses (or at such other address for a Party as shall be specified by like notice):

- (a) to the Principal:
-
-
- (b) to the Service Provider:
-
-

- 14.2. *Changes in Address.* Either Party shall be entitled to change its address for purposes of this Section XIV by notice to the other Party. A notice of a change of address shall be effective only upon receipt thereof.

Section XV. MISCELLANEOUS PROVISIONS

- 15.1. *Capacity.* Each Party warrants to the other Party that it has full power and authority to enter into and perform this Agreement, and the person signing this Agreement on its behalf has been duly authorized and empowered to enter into such agreement. Each Party further acknowledges that it has read this Agreement, understands it and agrees to be bound by it.
- 15.2. *Changes in Legislation.* If, after the Effective Date, the Costs or duration of the Service is altered as a result of changes in or additions to the regulations in any country in which the Service is to be performed, the agreed Service Fee and time for completion shall be adjusted accordingly.
- 15.3. *Independent Contractors.* Nothing in this Agreement shall create a partnership, association or joint venture or establish a relationship of principal and agent between the Parties. Neither Party shall have any authority (unless expressly conferred in writing by virtue of this Agreement or otherwise and not revoked) to bind the other Party as its agent or otherwise.
- 15.4. *Assignability.* The Service Provider shall not without the prior written consent of the Principal assign any of the rights or benefits from the Agreement, provided that the consent by the Principal shall not be unreasonably withheld or delayed. Neither Party shall assign any of the obligations under the Agreement without the prior written consent of the other Party; provided, however, that the Principal shall be entitled, at any time, to assign any of the rights under this Agreement to any of the Beneficiaries or Implementing Bodies without consent of the Service Provider.
- 15.5. *Severability.* If any provision of this Agreement shall be held to be illegal, invalid, void or unenforceable under Applicable Laws of any jurisdiction, the legality, validity and enforceability of the remainder of this Agreement in that jurisdiction shall not be affected, and the legality, validity and enforceability of the whole of this Agreement shall not be affected in any other jurisdiction.

- 15.6. *Waivers.* No waiver by either Party of any default by the other Party in the performance of any of the provisions of this Agreement shall operate or be construed as a waiver of any other or further default, irrespective of the character of such default. No failure or delay by either Party in exercising any of its rights, power or privileges under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise by that Party of any right, power or privilege preclude any further exercise thereof or the exercise of any other right, power or privilege.
- 15.7. *Conflict of Interest, Corruption and Fraud.* Notwithstanding any penalties that may be enforced against the Service Provider under Applicable Law of the country of the project, or of other jurisdictions, the Principal will be entitled to terminate the Agreement in accordance with Clause 8.4 and the Service Provider shall be deemed to have breached Clause 3.12 of the Agreement, if it is shown that the Service Provider is guilty of:
- (a) offering, giving, receiving or soliciting anything of value with a view to influencing the behavior or action of anyone, whether a public official or otherwise, directly or indirectly in the selection process or in the conduct of the Agreement; or
 - (b) misrepresentation of facts in order to influence a selection process or the execution of a contract to the detriment of the Principal, including the use of collusive practices intended to stifle or reduce the benefits of free and open competition.
- 15.8. *Entire Agreement.* This Agreement, and all of the Annexes A to P hereto, constitute the entire agreement between the Parties relating to the subject matter hereof and supersedes and extinguishes all and any prior and contemporaneous drafts, undertakings, representations, warranties and arrangements of any nature, whether in writing or oral, relating to such subject matter. Each Party acknowledges that it has not been induced to enter into this Agreement by any representation, warranty or undertaking not expressly incorporated herein.
- 15.9. *Amendments and Variations.* No amendment to or variation of this Agreement shall be effective unless made in writing and signed by duly authorized representatives of both Parties.
- 15.10. *Execution.* This Agreement may be executed in two counterparts which, taken together, shall constitute one and the same instrument.

SPECIAL CONDITIONS

Section XVI. PAYMENT

- 16.1. *Service Fee.* In consideration of the Service performed pursuant to this Agreement, the Principal shall pay the Service Provider the remuneration in the total amount set forth in Annex D (Service Schedule and Rates) (hereinafter, "Service Fee") which shall be split and paid in parts corresponding to the Service Milestones laid down in Annex D (Service Schedule and Rates). It is acknowledged and agreed by the Parties that Service Fee shall include all Costs and expenses incurred by the Service Provider and Approved Sub-Contractors toward carrying out the Service. For the avoidance of any doubt, Service Fee specified in accordance with this Clause 16.1 shall exclude value added tax that will be charged at the rate applicable in accordance with Applicable Law at the time of invoicing.
- 16.2. *Division of Service Fee.* The Service Fee shall be divided in parts according to Annex D (Service Schedule and Rates) and the Service Milestones laid down therein. Annex D shall specify the divided amount of the Service Fee that shall be attributed to the completion of each respective Service Milestone. In addition, Annex D shall specify all Works required within the scope of the Service and respective Service Milestones.
- 16.3. *Invoicing.* Following each Completion Date of a Service Milestone, the Service Provider shall deliver to the Principal an invoice in the amount that does not exceed the part of the Service Fee that was attributed to the respective Service Milestone according to Annex D (Service Schedule and Rates). In the event the Principal objects to payment of the invoice, notice to this effect shall be given by the Principal to the Service Provider not later than seven (7) Working Days before the due date for payment under this Clause 16.3. The notice of objection shall state the amount to be withheld and the grounds for withholding the payment. Unless such notice of objection has been made by the Principal, the amount to be paid is that stated in the invoice which shall become due and payable in accordance with this Clause 16.3. For the avoidance of any doubt, the Principal shall not be required to pay any amount under this Agreement with respect to any part of the Service that has not been accepted by the Principal in accordance with Clauses 7.5, 7.6 or 7.7 of this Agreement.
- 16.4. *Payment.* Subject to the provisions of Clause 16.2, all payments by the Principal to the Service Provider shall be made thirty (30) calendar days after the date of issue of the invoice. For the avoidance of any doubt, the Principal shall not be required to pay any amount with respect to any invoice in the absence of a Completion Certificate duly signed by the Principal for each Service Milestone or, with respect to the final payment of Service Fee to be effected under this Agreement, the Final Acceptance Certificate duly signed by both Parties. All payments by the Principal shall be deemed as having been completed on the date of transfer of funds to the bank account of the Service Provider specified in the invoice.
- 16.5. *Costs and Commissions.* Each Party shall bear its own costs, fees, commissions and expenses incurred in connection with the transfer of any funds under this Agreement to the other Party.
- 16.6. *Compliance with Tax Obligations in [COUNTRY].* It is acknowledged and agreed by the Parties that the amount of the Service Fee shall include all taxes and duties payable by the Service Provider in the consequence of provision of the Service. The Service Provider shall, at the sole cost and expense of the Service Provider, comply with the obligation to pay all taxes and duties relevant to provision of the Service in [COUNTRY] and in accordance with Applicable Law. In addition, the Service Provider shall assume all risks associated with the payment or obligation to pay such taxes and duties, if any. The Service Provider assumes all risks associated with the possible increase in the amount of the Service Fee arising as a result of the obligation of having to pay any such taxes or duties.
- 16.7. *Invoice.* The Contractor's invoices shall contain the following Contractor's details and details about the Contract:

Contractor	[•]
Registration No	[•]
VAT payer's No	[•]
Address	[•]
Name of Bank	[•]

Bank Code	[●]
Bank Account No	[●]
Subject:	For provided services according to the Professional Consultant Service Agreement No [●] (CEF ⁵ Contract No INEA/CEF/TRAN/M201[●]/[●]Activity No [●]), Activity Manager: [●]

- 16.8 The Contractor shall send the invoice to the Principal electronically to the following e-mail address: invoices@railbaltica.org. The Principal shall review the invoice to verify whether it contains all necessary requisites.

Section XVII. LIABILITY

- 17.1. *Liability of the Parties.* The Service Provider shall be liable to compensate Damages incurred by the Principal arising out of or in connection with this Agreement and pay contractual penalty set forth in accordance with Clause 17.2 if a breach of any of the obligations of the Service Provider under this Agreement is established against the Service Provider. The Principal shall be liable to pay the contractual penalty set forth in accordance with Clause 17.2 if a breach of payment obligations of the Principal under this Agreement is established against the Principal.
- 17.2. *Contractual Penalty.* In the event of failure by the Service Provider to meet any Service Milestone and/or supply any Deliverable, the Service Provider shall be liable to pay to the Principal a penalty of zero point zero one percent (0.01%) of the amount of Service Fee payable under this Agreement with respect to the relevant Service period for each day of delay with meeting any of the Service Milestones and/or supplying any of the Deliverables set forth in accordance with Annex D (*Service Schedule and Rates*); provided, however, that the total amount of penalty payable by the Service Provider under this Clause 17.2 for the relevant Works, as specified according to Annex D (*Service Schedule and Rates*) shall not exceed ten percent (10%) of the total amount of Service Fee. In the event of failure by the Principal to pay any amount in accordance with Clause 16.4, the Principal shall be liable to pay to the Service Provider a penalty of zero point zero one percent (0.01%) of the amount of the amount invoiced for each day of delay with meeting the payment obligation; provided, however, that the total amount of penalty payable by the Principal under this Clause 17.2 shall not exceed ten percent (10%) of the total amount remaining unpaid under the relevant invoice.
- 17.3. *Compensation for Damages.* Notwithstanding of and without prejudice to any contractual penalty payable in accordance with Clause 17.2 and subject to the provisions of Clause 17.5, in the event it is established that either Party is liable to the other Party with respect to any breach of its respective obligations under this Agreement, the liable Party shall compensate the other Party for any Damages incurred as a result of such breach, subject to the following terms:
- (a) the amount of compensation shall be limited to the amount of reasonably foreseeable Damages suffered as a result of the breach(es), but not otherwise;
 - (b) in any event, the amount of compensation shall be limited to the amount specified in accordance with Clause 17.6
 - (c) if either Party is considered to be liable jointly with third parties to the other, the proportion of compensation payable by the liable Party shall be limited to that proportion of liability which is attributable to the breach by the liable Party.
- 17.4. *Attribution of Damages.* Any Damages suffered by either Party shall, for the purposes of Clause 17.3, be reduced to the extent that the Damages are caused by or contributed to by the other Party's own negligence or breach of its obligations under this Agreement.
- 17.5. *Limitation of Liability.* Notwithstanding anything to the contrary set forth in this Agreement, in no circumstances shall the Service Provider or the Principal be liable to one another for any loss of production, loss of profit, loss of revenue, loss of contract, liability incurred under other agreements

⁵ Grant Agreement under the Connecting Europe Facility (CEF) -Transport Sector Agreement No INEA/CEF/TRAN/M2014/1045990

(with the exception of costs paid by the Principal to contractors appointed by the Principal in relation to the Service or the Project) or any indirect or consequential loss arising out of or in connection with this Agreement.

- 17.6. *Liability Cap.* Subject to the provisions of Clause 17.7, the maximum aggregate liability of each Party to the other Party for any reason arising under, or in connection with, this Agreement or the Project including but not limited to breach of agreement, or for breach of Applicable Law shall not exceed an amount equal to EUR 800 000. Notwithstanding the above limitation, where, in respect of the same event, a Party recovers any amount of money under an insurance policy, including any of the insurance policies provided for in accordance with Section XVII of this Agreement, it shall pay such amounts to the other Party. Each Party shall use reasonable endeavours to make such recovery under any insurance policy (which shall include an obligation to make and diligently pursue a claim but shall not include an obligation upon the Party to take legal action).
- 17.7. *Non-Applicability of Liability Cap.* The provisions of Clause 17.6 shall not apply to Damages incurred by either Party as a result of:
- (a) any liability in respect of death or personal injury resulting from a negligent act or omission or breach of statutory duty by the liable Party or any employee of the liable Party;
 - (b) the fraud, fraudulent misrepresentation, reckless misconduct or gross negligence of the liable Party or, in the case of the Service Provider, any Approved Sub-Contractor of the Service Provider; and/or
 - (c) infringement of any Intellectual Property of a third party.

Section XVIII. INSURANCE

18.1. *Insurance for Liability and Indemnity.*

The Service Provider shall have:

- (a) insures or increase its insurance against its commercial liability under Clause 17.2 and/or Clause 17.3/
- (b) insures or increase its insurance against public/third party liability;

The Service Provider undertakes to exercise all reasonable efforts to effect such insurance or increase in insurance with an insurer and on terms and conditions acceptable to the Principal. The limit of liability for the insurance coverable shall be no less than 10 000 000,00 EUR per claim/occurrence and policy period. The extended reporting period shall be 5 years after acceptance date of services. The Principal and its executive officers, officers and employees shall be named as "additional insureds" under such policies. The costs of such insurance or increase in insurance shall be at the expense of the Service Provider. Each Party shall purchase and maintain throughout the term of this Agreement insurance.

The Principal can request in writing that the Service Provider:

- (a) increases its insurance against liability under Clause 17.2 and/or Clause 17.3 over that for which the Service Provider was insured at the date of the Principal's first invitation to the Service Provider for a proposal of the Service;
- (b) insures against public/third party liability;
- (c) increases the insurance of the Service Provider against public/third party liability over that for which the Service Provider was insured at the date of the Principal's first invitation to the Service Provider for a proposal for the Service; and/or
- (d) effects other insurances.

If so requested, the Service Provider undertakes to exercise all reasonable efforts to effect such insurance or increase in insurance with an insurer and on terms and conditions acceptable to the Principal. The limit of liability for the insurance coverable shall be no less than EUR 5,000,000 per claim/occurrence. The limit of liability for the insurance coverable shall be no less than 10 000 000,00 EUR per claim/occurrence and policy period. The extended reporting period shall be 5 years after acceptance date of services. The Principal and its executive officers, officers and employees

shall be named as "additional insureds" under such policies. The costs of such insurance or increase in insurance shall be at the expense of the Service Provider. Each Party shall purchase and maintain throughout the term of this Agreement insurance or

For the purposes of this Section XVIII, "public/third party liability" shall mean the obligation to pay compensation (capital, interest and costs) for damages involuntarily caused to one or more third parties for death, personal injury and damage to property; and to employees for injuries suffered in any occurrences happened during their work activities (including, without limitation, institutional activity, ordinary, extraordinary, devolved, hired, given including those of a preliminary nature, complementary, accessory, solidarity, recreational, volunteer and social) which includes the protection of participants in the trials to cover the civil liability of the trier and trial promoters.

- 18.2. *Insurance Certificate.* When requested by the Principal, the Service Provider shall provide certificate(s) from its insurer or broker stating that the insurances required under this Section XVIII are in full force and effect. In addition, the Service Provider shall provide not less than thirty (30) days prior written notice to the Principal of any cancellation or material reduction in the insurance.

Section XIX. GOVERNING LAW AND RESOLUTION OF DISPUTES

- 19.1. *Governing Law.* This Agreement shall be governed by and construed in accordance with the Republic of law.
- 19.2. *Resolution by Amicable Means.* The Parties shall first attempt to settle any dispute, controversy or claim arising out of or relating to this Agreement by way of amicable negotiations.
- 19.3. *Venue for Resolution of Disputes.* Should the Parties fail to agree by means of amicable negotiations within the time period of thirty (30) days from the date of serving of the respective written complaint to the other Party, the Parties shall submit all their disputes arising out of or in connection with this Agreement to the exclusive jurisdiction of the courts of the Republic of Latvia. The Parties hereby represent and warrant that the English language is understandable for both Parties in accordance with Article 8(1)(a) of the Regulation (EC) No 1393/2007 of the European Parliament and of the Council of 13 November 2007 on the service in the Member States of judicial and extrajudicial documents in civil or commercial matters (service of documents), and repealing Council Regulation (EC) No 1348/2000.

Signed by:

For and on behalf of the Principal:

Signature:

Name, title:

Bank account details of the Principal:

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.....

.....

For and on behalf of the Service Provider:

Signature:

Name, title:

Bank account details of the Service Provider:

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.....

Annex A: DEFINITIONS AND COMMON TERMS

The following capitalized terms shall be ascribed the following meaning for the purposes of the Agreement:

- (a) "Affiliate", in relation to any company:
 - (i) a company which is either a holding company or a subsidiary of such company; or
 - (ii) a company which is a subsidiary of a holding company of which such company is also a subsidiary.
- (b) "Agreement", this Agreement between the Parties, together with all Annexes thereto.
- (c) "Alteration", any material change to the Scope of Service, Service Schedule or Service Milestone which is not the result of the ordinary process of developing the scope and detail of the Project.
- (d) "Alteration Request", as defined in accordance with Clause 2.3 of the Agreement.
- (e) "Applicable Law" or "Law", any legislative act, regulation, decree, order, ordinance, statute, treaty, directive, judgment, or other legislative measure. For the avoidance of any doubt, the term "Applicable Law" shall include any legislative act or directive relevant to public procurement.
- (f) "Approved Sub-Contractor", any person or organization listed pursuant to Annex H (*List of Approved Sub-Contractors*), which is in a contractual relationship with the Service Provider to provide a part of the Service.
- (g) "Beneficiary/Beneficiaries", any of the following bodies:
 - (i) the Ministry of Economic Affairs and Communications of the Republic of Estonia;
 - (ii) the Ministry of Transport of the Republic of Latvia; and
 - (iii) The Ministry of Transport and Communications of the Republic of Lithuania.
- (h) "Change in Standards", the coming into effect of a CEF Standard and Grant Agreement Standard or of any amendment thereto, or of a Service Provider Standard or of any amendment thereto, with which the Service Provider is obliged to comply.
- (i) "Completion Date", as defined in accordance with Clause 7.6 or 7.7, as appropriate.
- (j) "Completion Certificate", as defined in accordance with Clause 7.7.
- (k) "Confidential Information", as defined in accordance with Clause 10.1 of the Agreement.
- (l) "Costs", direct costs reasonably incurred in relation to the Project or any act or series of acts required under the Agreement. Specifically, Costs shall include any of the following:
 - (i) costs of all materials and supplies forming part of the Service, including transportation and storage expenses (discounts for cash or prompt payments will not reduce these costs);
 - (ii) salaries for personnel in the direct employ of the Service Provider in the performance of the Service or relating to the Service;
 - (iii) salaries of the Service Provider's employees for the time that they spend in connection with the Service;
 - (iv) payments to sub-contractors for work relating to the Service;
 - (v) costs of all employee benefits and taxes for items such as social security and other benefits for the labor and employees;
 - (vi) costs, including transportation and maintenance, of equipment and hand tools not owned by workmen employed by the Service Provider which are employed or consumed toward the Service;

- (vii) payments for rental charges for machinery, equipment, facilities and tools used in connection with the Service, and payments for installations, repairs, replacements, dismantling, removal, lubrication, transportation and delivery of those rental items;
 - (viii) that portion attributable to this Agreement of premiums for insurance that is required by this Agreement or by law to be obtained or maintained by the Service Provider;
 - (ix) sales, use, gross receipts or other taxes related to the Service, imposed by any governmental authority, to the extent that the Service Provider is responsible for such taxes;
 - (x) fees payable with respect to permit fees, licenses or tests that the Service Provider is required to obtain or reasonably obtains to carry out the Service;
 - (xi) costs of long-distance telephone calls, telephone service at the site and postage relating to the Service;
 - (xii) costs associated with any Alteration as to which the Service Provider is entitled to payment hereunder;
 - (xiii) costs of any data processing services used in connection with the performance of the work required under this Agreement; and
 - (xiv) losses and expenses, not compensated by insurance, sustained by the Service Provider in connection with the work under this Agreement, provided they resulted from causes other than the fault or neglect of the Service Provider.
- (m) "Cure Period", as defined in accordance with Clause 7.3.
- (n) "Corrective Period", as defined in accordance with Clause 8.2
- (o) "Damages", any claim, damage, demand, loss, expense or liability incurred by the relevant Party or Person.
- (p) "Deficiency", is a part of the Service which is not in accordance with the Scope of Service, Applicable Law or Good Industry Practice.
- (q) "Defects Date", a date specified in accordance with Annex D (*Service Schedule and Rates*) by which date the Service Provider is obliged to remedy each Deficiency in the Service at the own cost and expense of the Service Provider.
- (r) "Deliverables", any information, notes, material, drawings (including drawings in 3D model), records, computer files, documents and/or other items which the Service Provider is required to deliver to the Principal as part of the Service, as further specified pursuant to Annex D (*Service Schedule and Rates*)
- (s) "Documentation", all records, correspondence, and computer files of the Service Provider, its employees, engineers, and consultants pertaining to the Project.
- (t) "Effective Date", as first above specified in the Preamble to this Agreement.
- (u) "EUR" and "euro", the official currency of the eurozone, officially known as the Eurozone.
- (v) "Final Acceptance Date", as defined in accordance with Clause 7.8.
- (w) "Force Majeure Event", any of the following events:
- (i) an act of the public enemy or war (declared or undeclared), threat of war, revolution, riot, insurrection, civil commotion, demonstration or sabotage;
 - (ii) an act of vandalism or accidental damage or destruction of machinery, equipment, track or other infrastructure;
 - (iii) a natural disaster or phenomena, including extreme weather or environmental conditions (such as lightning, earthquake, hurricane, storm, fire, flood, drought or accumulation of snow or ice);
 - (iv) nuclear, chemical or biological contamination;
 - (v) pressure waves caused by devices travelling at supersonic speeds; and/or

- (vi) strike, lockout or other industrial action other than involving the Service Provider or the Principal.
 - (x) "Good Industry Practice", in relation to the performance of any activity to which this standard is applied, the exercise of that degree of skill, diligence, prudence and foresight as would reasonably be expected to be exercised by a properly qualified and competent person engaged in carrying out works or services of a similar size, nature, scope, type and complexity, complying with Applicable Law, applicable Standards and published codes of practice.
 - (y) "Implementing Body/Implementing Bodies", any of the following bodies:
 - (i) "Rail Baltic Estonia" OU, a company organized and existing under Estonian law;
 - (ii) SIA "Eiropas dzelzceļa līnijas", a company organized and existing under Latvian law;
 - (iii) UAB „Rail Baltica statyba”, a company organized and existing under Lithuanian law.
 - (z) "Intellectual Property", all intellectual property rights in any part of the world in respect of any documentation, data, material or information provided by the Service Provider to the Principal, including any patent, patent application, registered design, registered design application, utility model, discovery, invention, process, formula, specification, copyright (including all neighbouring rights, rights in computer software and database and topography rights), know-how or unregistered design right.
- (aa) "Intellectual Property of Service Provider", all Intellectual Property owned or licensed to the Service Provider with a right to sub-license.
- (bb) "Legal Requirements", any of the following:
 - (i) enactment to the extent that it applies to a Party;
 - (ii) any directive or regulation of the European Union to the extent that it applies to a Party or a decision taken by the EU Commission which is binding upon a Party to the extent that it is so binding; and
 - (iii) any interpretation of law, or finding, contained in any judgement given by a court or tribunal of competent jurisdiction with respect to which the period for making an appeal has expired which requires any legal requirement falling within subparagraphs (i) or (ii) above to have effect in a way which is different to that in which it previously had effect.
- (cc) "Mandatory Alteration", any Alteration necessitated by:
 - (i) any Specific Change in Law; and/or
 - (ii) any Change in Standards for safety reasons.
- (dd) "Objection Notice", as defined in accordance with Clause 7.6.
- (ee) "Party" and "Parties", the Principal and the Service Provider and include the respective successors in title, permitted assigns and permitted transferees of the Parties.
- (ff) "Person" shall include any natural person, company, body corporate, government, state or agency of a state or any association or partnership (whether or not having separate legal personality) or two or more of the foregoing.
- (gg) "Procurement Procedure", as defined in accordance with Recital (B) of the Agreement.
- (hh) "Project", development of a 1,435 mm standard gauge railway line in the Rail Baltic/Rail Baltica (RB) corridor through Estonia, Latvia and Lithuania aimed at eliminating the technical bottleneck due to the gauge differences (1,520 mm vs. the EU standard of 1,435 mm).
- (ii) "Provisional Completion Certificate", as defined in accordance with Clause 7.5
- (jj) "Principal", the company RB Rail AS, as further specified in the Preamble of this Agreement, which employs the services of the Service Provider, and legal successors to the Service Provider and permitted assignees of the Service Provider.

- (kk) "Railway", new fast conventional double track electrified railway line with the maximum design speed of 240 km/h and European standard gauge (1,435 mm) on the Route
- (ll) "Representative", the person appointed by each Party in accordance with Clause 5.2 to manage the performance of any work or delivery of any service under this Agreement.
- (mm) "Right of Partial Acceptance", as defined in accordance with Clause 8.7.
- (nn) "Risk Register", a ledger of risks which the Principal or the Service Provider has notified as an early warning matter; it includes a description of the risk and a description of the actions which need to be taken in order to avoid or reduce the risk.
- (oo) "Service", the entirety of Works to be performed by the Service Provider in accordance with the Agreement;
- (pp) "Service Fee", as defined in accordance with Clause 16.1/
- (qq) "Service Milestone", the date for delivery of one or more Deliverables, as set out in accordance with Annex D (*Service Schedule and Rates*);
- (rr) "Service Provider", the company [·], as further specified in the Preamble of this Agreement, which is employed by the Principal as an independent professional contractor to perform the Service, and legal successors to the Principal and permitted assignees of the Principal.
- (ss) "Service Provider's Proposal", as defined in accordance with Recital (B) of the Agreement.
- (tt) "Service Start Date", as specified in accordance with Annex D (*Service Schedule and Rates*).
- (uu) "Standards", CEF Standards and Grant Agreement Standards.
- (vv) "Survey Works", any in-the-field/on-the-spot survey (intrusive or non-intrusive), inspection, examination or testing necessary to ensure any part of the Service.
- (ww) "Working Day", any day (other than Saturday or Sunday) on which Latvijas Banka (Central bank of Latvia) is open for conduct of business.
- (xx) "Works", all works, activities, steps and actions, in any form, performed by the Service Provider under this Agreement for the attainment of the objectives of the Service and/or the Project.

Annex B: PROJECT OBJECTIVES

The Project is a part of the pre-identified, cross-border "Rail Baltic/Rail Baltica" project connecting the three Baltic States with Central Europe along the North Sea - Baltic Corridor. The aim of the Project is to develop a new, EU gauge double-track electrified railway line to eliminate the technical bottleneck due to the gauge differences (1520 mm vs. EU 1435 mm) matching the requirements of the TSI INF traffic codes P2/F1, as of 2015.

The Project includes technical designs, assessments and studies, land acquisition, project implementation support measures, preliminary construction works, supervision, communication and PR tasks.

The aim of the Project is to implement all the necessary preparatory activities including, without limitations, technical designs, building permits, land acquisition, to commence construction works of the Railway and to prepare for the main construction phases of the Railway line. The activities of the Project are envisaged to be performed on multiple sites in Estonia, Latvia and Lithuania.

The main objectives of the phase of the Project contemplated under the Agreement are the following:

- preparation of the technical design of the track and railway related structures in full compliance with agreed TSI INF traffic codes P2/F1 (design speed of up to 240 km/h for passenger traffic and up to 120 km/h for freight traffic, axle load 22,5 t and length of freight train from 740 m to 1050 m) and the relevant EU and domestic legislations;
- technical consultancy for designs vis-à-vis the technical requirements;
- completion of the Railway route related studies to ensure a successful implementation of the project;
- planning of the land acquisition activities alongside the planned Railway route and land acquisition;
- construction of a new Railway line on Tallinn - EE/LV border, Phase I - embankment and grade-level crossings, to complete the preliminary works for the Railway superstructure;
- construction of Ülemiste and Pärnu passenger terminals, Riga Central Railway junction and related civil structures and Riga International Airport RB passenger station civil structures and junction to complete the preliminary works for the Railway superstructure;
- construction of a Railway connection between Riga Central Station and Riga International Airport;
- construction of a section of the new railway line Kaunas (RRT)- Panevezys - Lithuania/Latvia state border (Phase I, approximately 3 km single track);
- implementation of a communication plan in order to keep stakeholders and the public informed of the progress of the project;
- supervision of works to ensure that the construction is in compliance with technical design; and
- contribution to the implementation of the North Sea-Baltic Core Network Corridor and the development of the EU internal market.

In addition, it is a prerequisite that all compulsory assessments be duly completed and approved by the competent authorities according to Applicable Law and in line with requirements of relevant EU legislation prior to commencement of the physical intervention.

TECHNICAL SPECIFICATION

FOR OPEN COMPETITION

RISK MANAGEMENT FRAMEWORK



Co-financed by the European Union
Connecting Europe Facility

Riga, 2017

6. INTRODUCTION

The Baltic countries Estonia, Latvia and Lithuania have historically been linked to the east-west railway transport axis using the 1520mm gauge railway system. Because of the existing historical and technical constraints, the existing rail system is incompatible with mainland European standards, thus there is a consensus that Estonia, Latvia and Lithuania need to be fully integrated into the wider European rail transport system. Currently there is no efficient 1435 mm railway connection along the Warsaw-Kaunas-Riga-Tallinn axis, i.e. there are missing links or significant bottlenecks. Thus, there are no direct passenger or freight services along the railway axis as the existing infrastructure does not allow for competitive services compared to alternative modes of transport. Thus, the clear majority of the North-South freight is being transported by road transport and the overall accessibility in the region is low.

The ambitions of the Rail Baltica Global project (Global Project) are:

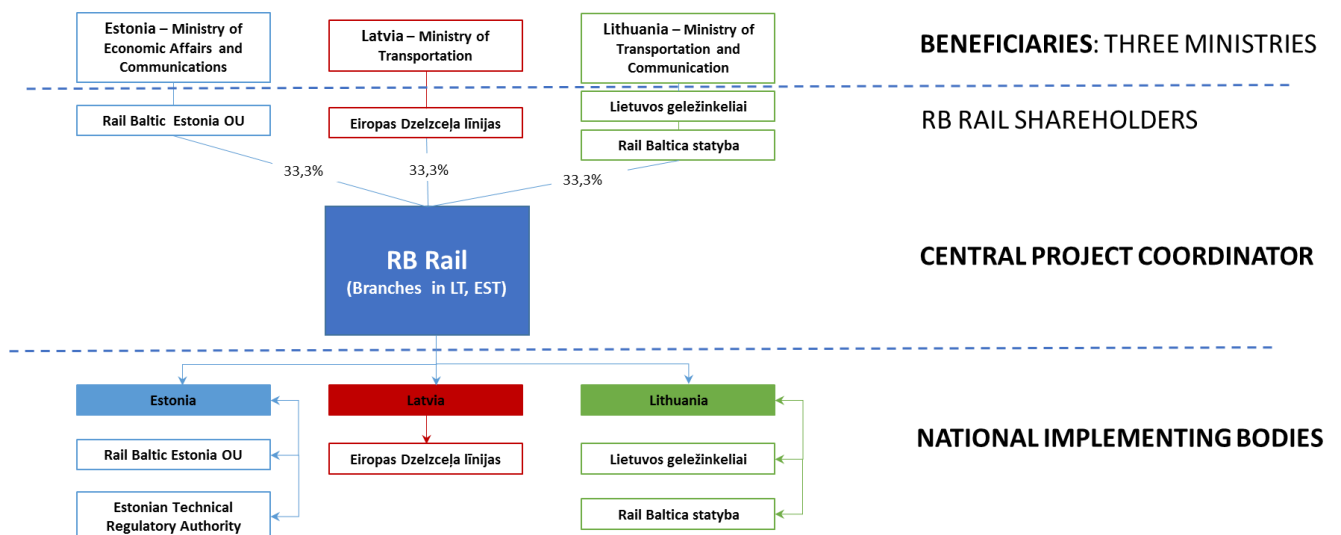
- to become a powerful catalyst for sustainable economic growth in the Baltic States;
- to set a new standard of passenger and freight mobility;
- to ensure a new economic corridor will emerge;
- sustainable employment and educational opportunities;
- an environmentally sustainable infrastructure;
- new opportunities for multimodal freight logistics development;
- new intermodal transport solutions for passengers;
- safety and performance improvements;
- a new value platform for digitalization and innovation;
- completion of Baltic integration in the European Union transport ecosystem.

Rail Baltica is already designed to become a part of the EU TEN-T North Sea – Baltic Core Network Corridor, which links Europe's largest ports of Rotterdam, Hamburg and Antwerp – through the Netherlands, Belgium, Germany and Poland – with the three Baltic States, further connecting to Finland via the Gulf of Finland short sea shipping connections with a future fixed link possibility between Tallinn and Helsinki. Further northbound extension of this corridor shall pave the way for future connectivity also with the emerging Arctic corridor, especially in light of the lucrative prospects of the alternative Northern Circle maritime route development between Europe and Asia. Furthermore, the North Sea – Baltic Corridor crosses with the Baltic-Adriatic Corridor in Warsaw, paving the way for new supply chain development between the Baltic and Adriatic seas, connecting the Baltics with the hitherto inadequately accessible Southern European markets. In a similar fashion, Rail Baltica shall strengthen the synergies between North-South and West-East freight flows, creating new trans-shipment and logistics development opportunities along the Europe and Asia overland trade routes. The new Rail Baltica infrastructure would, therefore, not only put the Baltics firmly on the European rail logistics map, but also create massive opportunities for value creation along this infrastructure with such secondary economic benefits as commercial property development, revitalization of dilapidated urban areas, private spin-off investment, new business formation, technology transfer and innovation, tourism development and other catalytic effects. Rail Baltica aims to promote these effects from the early stages of the Global Project, learning from the key global success stories and benchmarks in this regard.

The Contracting authority RB Rail AS (RBR) was established by the Republics of Estonia, Latvia and Lithuania, via state-owned holding companies, to coordinate the development and construction of the fast-conventional standard gauge railway line on the North Sea – Baltic TEN-T Core Network Corridor (Rail Baltica II) linking three Baltic states with Poland and the rest of the EU. The main technical parameters shall correspond to traffic code P2-F1 as per INF TSI (Commission Regulation 1299/2014/EU) and shall have the following main technical parameters:

- double track, design speed on the main track 240 km/h, design speed on side tracks minimum 100 km/h;
- axle load 22.5 t;
- distance between track centres at least 4.20 m on the main tracks;
- distance between two sided passing loops approximately 50 km and crossovers approximately 25 km but staged according to a train traffic forecast;
- all pedestrian, road and 1520mm rail crossings only as above or below grade crossings (segregated grade crossings), fencing and noise barriers where needed;
- ERTMS Level 2 with possible update to the newest version;
- communications system GSM-R with a view to accommodate the new generation railway communications standard;
- electrification 2x25 kV AC;
- length of freight trains 740m, but for spatial planning and track geometry design a length of 1050m shall be used;
- length of passenger trains 200m, but for spatial planning and track geometry design a length of 400m shall be used;
- height of passenger platforms 550mm;
- maintenance road, where necessary, shall be on one side of the tracks with gravel 3.5m wide

The diagram below illustrates the shareholder and project governance structure of the Rail Baltica project.



RBR together with governments of Estonia, Latvia and Lithuania (represented by the ministries in charge of transport policy) have applied for the CEF co-financing in 2015, 2016 and 2017 (three applications in total). The first two applications were successful and INEA grants are available to support the Global Project expenses with up to 85% of co-financing in amount of 633 mln EUR.

Rail Baltica is a joint project of three EU Member States – Estonia, Latvia and Lithuania – and concerns the building of a fast conventional double-track 1435 mm gauge electrified and ERTMS equipped mixed use railway line on the route from Tallinn through Pärnu (EE), Riga (LV), Panevėžys (LT), Kaunas (LT) to the Lithuania/Poland state border (including a Kaunas – Vilnius spur) with a design speed of 240km/h. In the longer term, the railway line could potentially be extended to include a fixed link between Helsinki and Tallinn, as well as integrate the railway link to Warsaw and beyond.

The expected core outcome of the Rail Baltica Global Project is a European gauge (1435mm) double-track railway line of almost 900 km in length meant for both passenger and freight transport and the required additional infrastructure (to ensure full operability of the railway). It will be interoperable with the TEN-T Network in the rest of Europe and competitive in terms of quality with other modes of transport in the region. The indicative timeline and phasing of the project implementation can be found here: <http://www.railbaltica.org/about-rail-baltica/project-timeline/>.

7. OBJECTIVE OF THE PROCUREMENT

7.1. The objective of the open competition is to develop a Risk Management manual ("the Manual"), including strategy, policy and procedures.

8. SCOPE OF THE STUDY:

8.1. The risks shall be assessed, and the Manual shall be drafted for all the Global Project's phases:

1st Phase – Planning

- CBA analysis (for the whole project and/or separate parts of it)
- Business plan
- Establishing railway line alignment (including archaeological studies, SEA, material supply studies etc.)
- Main design guidelines (technical manual)
- Other planning activities which are necessary for the construction, maintenance or operation of the railway

2nd Phase – Design

- Detailed technical design of all parts of the Global Project
- Land acquisition
- Studies regarding the technical design (conformity assessments, technical validations, technical assessments etc.)

3rd Phase – Construction

- Physical construction work of all parts of the Global Project (including signaling, ERTMS, technical supervisions)
- Studies and certification regarding the completed construction works (technical validations, certificates and other requirements for the railway to be put in use)

8.2. Time frame covered by the Manual shall be of 10 years or until the full completion of the Global Project.

8.2.1. The risks shall be assessed taking into consideration the Pan-Baltic nature of the Global Project.

8.2.2. Risk types that shall be addressed in the Manual (non-exhaustive list): normative risks, administrative risks, financial risks, business risks, employee competence related risks, supplier related risks, environmental risks, fraud risks, etc.

8.3. The Manual should include the following elements (non-exhaustive list):

No	Subject	Description	Deliverables
Risk register stage			
1	Identification of risks	11) Methodology Methodology shall detail the description of the methodology to be applied to the development of risk register including assessment methodology.	Document describing risk identification and assessment methodology (MS Word)
		12) Identification of risks Risks shall be identified for all the Global Project's phases and summarised in the table form with the following columns per each risk: risk name, description (cause and consequences), an assessment, an overall score, risk owner, associated controls and mitigation measures.	Risk register (MS Excel)

		13) Risk categorisation Risk categories may be based on the risk areas (e.g. strategic, design, construction, operational, financial), functions or any other criteria which shall be approved by RB Rail.	Risk register updated (MS Excel)
2	Assessment of risks	14) Qualitative assessment Assessment shall be conducted in terms of risk impact and likelihood based on the pre-agreed risk assessment criteria, detailed in the methodology.	Risk register updated (MS Excel)
		15) Quantitative assessment (where appropriate) Monte Carlo simulation of the cost effects analysis.	Risk register updated (MS Excel)
		16) Risk prioritisation Methodology shall enable to prioritise and rank the risks.	Risk map or any other tool enabling to rank the identified risks
3	Mapping	17) Mapping of risks to phases, workstreams, activities and stakeholders to show connectivity, dependencies and uncertainties between phases, workstreams, activities.	Flow chart diagram showing the connectivity and dependency of operational workstreams, their connectivity aligned with the associated risks (MS Visio)
4	Assignment of risks	18) Assignment of risks to owners.	Risk register updated (MS Excel)
5	Risk controls and mitigation measures	19) Controls identification Existing controls relevant to risks identified shall be described as well as risk mitigation measures if those controls are insufficient.	Risk register updated (MS Excel)
Policy development stage			
1	Risk management policy	9) Analysis of existing risk management policies	Existing documentation analysed
		10) Design of a coherent risk management policy. Risk management policy shall define the vision on risk management function, its objectives, principles, structure and overview of methodology.	Risk management policy document (MS Word)
2	Risk management strategy	11) Risk tolerance Risk tolerance shall be defined as risk contingency budget available and its management.	Risk tolerance and appetite statement (MS Word)
		12) Risk appetite Enterprise Risk Management (ERM) appetite shall be defined for major categories of risks.	Risk tolerance and appetite statement (MS Word)
		13) Insurance Insurance strategy shall be determined for each phase of the Global Project. Insurance strategy should consequently inform the future insurance programme design of Rail Baltica.	Insurance strategy document (MS Word)

		14) Risk management roadmap Strategy document amalgamating the recommendations on future development of risk management function and associated operations as well as Risk management system functional and technical requirements.	Risk management roadmap / recommendations (MS Word / MS Power Point)
3	Risk management procedure	15) Risk management procedure The document shall focus on stages of risk management process; objectives, actions and outcomes of each stage; assigned roles and responsibilities of involved individuals; structure of reporting and escalation procedure.	Risk management procedure document (MS Word)

8.4. The deliverables shall be provided by the Tenderer/Contractor in English according to the following deadlines:

No.	Title of deliverable	Deadline
1	Inception report	4 weeks after entry into effect of the Contract / or kick-off meeting
2	Interim Manual	10 weeks after entry into effect of the Contract
3	Final Manual	16 weeks after entry into effect of the Contract

8.5. The deadline for the provision of services is 16 weeks from the entry into effect of the Contract.

8.6. The Contractor shall estimate enough time for the review of submitted deliverables by representatives of the Contracting Authority and other stakeholders, leaving at least 10 working days for the review and preparation of their statement.

8.7. Any deliverables prepared by the Contractor shall be provided in commonly used editable data format (such as MS Word, Excel etc.) requiring no specific licence (apart from standard MS Office) or any service fees to view, edit of data contents or to supply thereof to any software tool.

9. DESCRIPTION OF SERVICES

9.1. The Contractor shall prepare a detailed work programme (thereinafter – Work programme) for the preparation of the Manual. The deadlines of deliverables mentioned in the Work programme shall be in accordance with the instructions laid down in the Technical specifications.

9.2. The Contractor shall prepare risk identification and assessment methodology, which will be approved by the Contracting authority as a part of deliverables. This risk identification and assessment methodology shall present the detail of clear and efficient methods of identification and assessment of risks.

9.3. The Contractor shall prepare a methodology for Risk Management strategy and policy development, which will be approved by the Contracting authority as a part of deliverables.

9.4. The used methods shall non-exhaustively include:

9.4.1. Workshops;

9.4.2. Interviews;

9.4.3. Employee training.

4.5. The result of the service in later stage will be used for developing automated risk management system.

9.5. Deliverable content

No.	Title of deliverable	General scope of the deliverable
1	Inception report	<ul style="list-style-type: none"> 9. Detailed work programme for the preparation of the Manual (MS Word / MS Project / MS Excel); 10. Clarification of strategies and benefits to be delivered by the programme of work; 11. Document describing risk identification and assessment methodology (MS Word); 12. Risk management policy document (MS Word); 13. Risk management procedure document (MS Word); 14. Preliminary analysis of existing internal policies; 15. Risk categorisation suggestions; 16. Preliminary structure for final Manual, and format.
2	Interim	<ul style="list-style-type: none"> 5. First results of the risk identification, categorisation and assessment as prescribed in methodology (draft Risk register, MS Excel); 6. Preliminary prioritisation of risks (draft Risk map); 7. Risk tolerance and appetite statement (MS Word); 8. Outline of Risk Management strategy content.
3	Final	<ul style="list-style-type: none"> 10. Report detailing the project outcomes in the format of MS Word / MS Power Point (presenting to the stakeholders); 11. Finalised Risk register (MS Excel); 12. Finalised Risk prioritisation (Finalised Risk map); 13. Analysis and assessment of existing risk management internal policies; 14. Insurance strategy document (MS Word); 15. Flow chart diagram showing the connectivity and dependency of operational workstreams, their connectivity aligned with the associated risks (MS Visio); 16. Risk management roadmap / recommendations (MS Word / MS Power Point); 17. List of Risk management system functional and technical requirements (components that must be included in the Risk management system), as the result of the service in later stage will be used for developing automated risk management system. 18. Any other deliverables (unlisted here) required in the Technical specification or deemed necessary by the Contractor or the Contracting authority.

10. PAYMENTS OF DELIVERABLES

No.	Title of deliverable	Payment amount
1	Inception report	0%
2	Interim Manual	50%
3	Final Manual	50%

Annex D: SERVICE SCHEDULE AND RATES

Service Start Date:

Timeline: According to the Point 3.4 of the Annex C (Scope of Service)

Key Dates: According to the Point 3.4 of the Annex C (Scope of Service)

Service Milestones: According to the Point 3.4 of the Annex C (Scope of Service)

Deliverables:

No.	Title of deliverable	Deadline
1	Inception report	4 weeks after entry into effect of the Contract / or kick-off meeting
2	Interim Manual	10 weeks after entry into effect of the Contract
3	Final Manual	16 weeks after entry into effect of the Contract

According to the Point 3.4 of the Annex C (Scope of Service)

Defects Date: 10 working days after submission of deliverables.

Service Fee a service fee in the amount of EUR ([amount] euro and [amount] cents);
and
value added tax at the rate of 21% amounting to EUR ([amount] euro and [amount] cents).

Schedule of payment of Service Fee

After delivery of the following Deliverables and signing of the Provisional Acceptance Certificate and/or Final Acceptance Certificate the Principal shall pay following amount of the Service Fee:

No.	Title of deliverable	Payment amount
1	Inception report	0%
2	Interim Manual	50%
3	Final Manual	50%

Annex G: KEY PERSONNEL

Project manager

Experts

Annex H: LIST OF APPROVED SUB-CONTRACTORS

[A list all of sub-contractors and/or suppliers the Service Provider anticipates to engage toward provision of the Service. Please indicate name, contact details and legal representative(s) of each sub-contractor.]

Annex K: PROVISIONAL COMPLETION CERTIFICATE NO.insert number

Date: insert date in the form of 1 January 2017

Location: insert location

For:
[.]
(hereinafter, **Principal**)

This provisional completion certificate (hereinafter, **Provisional Completion Certificate**) is issued to the Principal by **insert name**, registration number **insert registration number**, legal address **insert legal address** (hereinafter, the **Service Provider**), represented by **insert name of representative** on the basis of **insert basis of representation**.

In this Provisional Completion Certificate, unless the context requires otherwise, all defined terms shall have the meaning ascribed to such terms in accordance with the **insert agreement date in the form of 1 January 2017** Professional Consultant Services Agreement No.**insert agreement number** (hereinafter, the **Agreement**) and Annex A (*Definitions and Common Terms*) of the Agreement.

Whereas:

the Principal and the Service Provider have entered into the Agreement;

Clause 7.5 of the Agreement stipulates that upon meeting a Service Milestone or producing a Deliverable constituting all or an identifiable part of the Scope of Service, the Service Provider shall issue to the Principal a Provisional Completion Certificate substantially in the form of Annex K (*Provisional Completion Certificate*) of the Agreement;

a Service Milestone has been met or a Deliverable has been completed.

The following Service Milestone(s) has/have been met on **insert date in the form of 1 January 2017**, as specified in accordance with Annex D (*Service Schedule and Rates*) of the Agreement:

describe in reasonable detail the Service Milestone attained. Insert n/a, if no Service Milestone has been attained.

The following Deliverable(s) has/have been completed on **insert date** and are attached to this Provisional Completion Certificate:

insert name of the Deliverable. Insert n/a, if no Deliverables have been completed.

As stipulated in Clause 7.6 of the Agreement, in the event the Principal objects to the issue of the Provisional Completion Certificate, the Principal shall give a written notice to the Service Provider setting out in reasonable detail Defects or reasons for the objection (hereinafter, the "Objection Notice") within fourteen (14) Working Days following receipt of the Provisional Completion Certificate.

In the event of conflict between the text in this Provisional Completion Certificate and the Agreement, the Agreement shall take precedence.

Signature:

insert name, surname
insert position
insert company name

Annex L: PROVISIONAL ACCEPTANCE CERTIFICATE NO.insert number

Date: insert date in the form of 1 January 2017

Location: insert location

For:
[.]
(hereinafter, **Service Provider**)

This provisional acceptance certificate (hereinafter, **Provisional Acceptance Certificate**) is issued to the Service Provider by **insert name**, registration number **insert registration number**, legal address **insert legal address** (hereinafter, **Principal**), represented by **insert name of representative** on the basis of **insert basis of representation**.

In this Provisional Acceptance Certificate, unless the context requires otherwise, all defined terms shall have the meaning ascribed to such terms in accordance with the **insert agreement date in the form of 1 January 2017** Professional Consultant Services Agreement No.**insert agreement number** (hereinafter, **Agreement**) and Annex A (*Definitions and Common Terms*) of the Agreement.

Whereas:

- (A) the Principal and the Service Provider have entered into the Agreement;
- (B) the following Service Milestone(s) has/have been met and the following Deliverable(s) has/have been supplied to the Principal:
 - (i) [PLEASE IDENTIFY MILESTONE]
 - (ii) [PLEASE IDENTIFY DELIVERABLE]
- (C) any and all Defects have been averted or no Objection Notices have been issued;
- (D) as stipulated in accordance with Clause 7.8 of the Agreement, final acceptance shall be evidenced by means of Principal issuing and both Parties attaching their signature to the Final Acceptance Certificate substantially in the form of Annex M (*Final Acceptance Certificate*) (hereinafter, **Final Acceptance Certificate**).

The Principal is satisfied with the result of any and all achieved Service Milestones and/or Deliverables completed and submitted and, in accordance with Clause 7.6 of the Agreement, the Principal accepts the part of the Service delivered as of the date of this Provisional Acceptance Certificate.

In the event of conflict between the text in this Provisional Acceptance Certificate and the Agreement, the Agreement shall take precedence.

Signatures:

insert name, surname
insert position
RB Rail AS
Principal

insert name, surname
insert position
insert company name
Service Provider

Annex M: FINAL ACCEPTANCE CERTIFICATE NO.

Date: insert date in the form of 1 January 2017

Location: insert location

For:

[•] (hereinafter, **Service Provider**)

This final acceptance certificate (hereinafter, **Final Acceptance Certificate**) is issued to the Service Provider by [insert name, registration number insert registration number, legal address insert legal address] (hereinafter, **Principal**), represented by [insert name of representative] on the basis of [insert basis of representation].

In this Final Acceptance Certificate, unless the context requires otherwise, all defined terms shall have the meaning ascribed to such terms in accordance with the Professional Consultant Services Agreement No. [insert agreement number] dated [insert date] (hereinafter, **Agreement**) and Annex A (*Definitions and Common Terms*) of the Agreement.

Whereas:

- (D) the Principal and the Service Provider have entered into the Agreement;
- (E) one or more Service Milestones have been met and/or Deliverables have been completed;
- (F) any and all Defects have been averted or no Objection Notices have been issued;
- (G) as stipulated in accordance with Clause 7.8 of the Agreement, final acceptance shall be evidenced by means of the Principal issuing and both Parties attaching their signature to the Final Acceptance Certificate substantially in the form of Annex M (*Final Acceptance Certificate*) (hereinafter, **Final Acceptance Certificate**);

The Principal is satisfied with the result of the Service and/or Deliverables completed and submitted and the Principal accepts the Service in its entirety.

In the event of conflict between the text of this Final Acceptance Certificate and the Agreement, the Agreement shall take precedence.

Signatures:

[insert name, surname

insert position]

RB Rail AS

Principal

[insert name, surname]

[insert position]

[insert company name]

Service Provider

Annex N: REPRESENTATIVES

Annex O: TENDER OF THE SERVICE PROVIDER

Annex P: DECLARATION OF SERVICE PROVIDER

Date: insert date in the form of 1 January 2017

Location: insert location

I, the undersigned duly authorised representative, on behalf of [name of the service provider] undertake (hereinafter, **Declaration of Service Provider**):

- (a) To respect the freely-exercised right of workers, without distinction, to organize, further and defend their interests and to bargain collectively, as well as to protect those workers from any action or other form of discrimination related to the exercise of their right to organize, to carry out trade union activities and to bargain collectively;
- (b) Not to use forced or compulsory labour in all its forms, including but not limited to not employ people against their own free will, nor to require people to lodge 'deposits' or identity papers upon commencing employment;
- (c) Not to employ: (a) children below 14 years of age or, if higher than that age, the minimum age of employment permitted by the law of the country or countries where the performance, in whole or in part, of a contract takes place, or the age of the end of compulsory schooling in that country or countries, whichever is higher; and (b) persons under the age of 18 for work that, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of such persons;
- (d) To ensure equality of opportunity and treatment in respect of employment and occupation without discrimination on grounds of race, colour, sex, religion, political opinion, national extraction or social origin and such other ground as may be recognized under the national law of the country or countries where the performance, in whole or in part, of a contract takes place;
- (e) To ensure the payment of wages in legal fashion, at regular intervals no longer than one month, in full and directly to the workers concerned; to keep an appropriate record of such payments. Deductions from wages will be conducted only under conditions and to the extent prescribed by the applicable law, regulations or collective agreement, and the workers concerned shall be informed of such deductions at the time of each payment. The wages, hours of work and other conditions of work shall be not less favourable than the best conditions prevailing locally (i.e., as contained in: (i) collective agreements covering a substantial proportion of employers and workers; (ii) arbitration awards; or (iii) applicable laws or regulations), for work of the same character performed in the trade or industry concerned in the area where work is carried out;
- (f) To ensure, so far as is reasonably practicable, that: (a) the workplaces, machinery, equipment and processes under their control are safe and without risk to health; (b) the chemical, physical and biological substances and agents under their control are without risk to health when the appropriate measures of protection are taken; and (c) where necessary, adequate protective clothing and protective equipment are provided to prevent, so far as is reasonably practicable, risk of accidents or of adverse effects to health;
- (g) To support and respect the protection of internationally proclaimed human rights and not to become complicit in human rights abuses;
- (h) To create and maintain an environment that treats all employees with dignity and respect and will not use any threats of violence, sexual exploitation or abuse, verbal or psychological harassment or abuse. No harsh or inhumane treatment coercion or corporal punishment of any kind is tolerated, nor is there to be the threat of any such treatment;
- (i) To have an effective environmental policy and to comply with existing legislation and regulations regarding the protection of the environment; wherever possible support a precautionary approach to environmental matters, undertake initiatives to promote greater environmental responsibility and encourage the diffusion of environmentally friendly technologies implementing sound life-cycle practices;

- (j) To identify and manage chemical and other materials posing a hazard if released to the environment to ensure their safe handling, movement, storage, recycling or reuse and disposal;
- (k) To monitor, control and treat as required prior to discharge or disposal wastewater and solid waste generated from operations, industrial processes and sanitation facilities;
- (l) To characterize, monitor, control and treat as required prior to discharge or disposal air emissions of volatile organic chemicals, aerosols, corrosives, particulates, ozone depleting chemicals and combustion by-products generated from operations;
- (m) To reduce or eliminate at the source or by practices, such as modifying production, maintenance and facility processes, materials substitution, conservation, recycling and re-using materials, waste of all types, including water and energy;
- (n) To adhere to the highest standards of moral and ethical conduct, to respect local laws and not engage in any form of corrupt practices, including but not limited to extortion, fraud, or bribery;
- (o) To disclose (a) any situation that may appear as a conflict of interest, such as but not limited to: where a service provider or an undertaking related to the service provider has advised the Principal or has otherwise been involved in the preparation of the procurement procedure; and (b) if the Principal's, professional under contract with the Principal or sub-contractor may have a direct or indirect interest of any kind in the service provider's business or any kind of economic ties with the service provider;
- (p) Not to offer any benefit such as free goods or services, employment or sales opportunity to a Principal's staff member in order to facilitate the service provider's business with the Principal;
- (q) Within a period set in the applicable national legislation following separation from service or award of a contract, as the case may be, to refrain from offering employment to any Principal's staff in service and former Principal's staff members who participated in the procurement process and to whom a legal restriction to receive material benefits from or be employed by a service provider which participated in a procurement procedure or restrictions with similar effect applies;
- (r) To promote the adoption of the principles set forth in this Declaration of Service Provider by my potential business partners and promote the implementation of the principles set forth in this document towards own service providers;
- (s) To maintain and create accurate records, annual reports and accounts, and not to alter or forge any of the mentioned in an effort to conceal, misrepresent or the actual information. All of our records, regardless of format, made or received as evidence of a business transaction must fully and accurately represent the transaction or event being documented. All of our records and reports will be retained in accordance with applicable laws and regulations and will be fully auditable;
- (t) Not procure goods, works and services from other service provider:
 - (i) who, or its member of the Management Board or the Supervisory Board or procurator of such service provider, or a person having the right to represent such service provider in activities related to a subsidiary, has been found guilty in any of the following criminal offences by a such punishment prescription of prosecutor or a judgement of a court that has entered into effect and is non-disputable and not subject to appeal:
 - i. bribetaking, bribery, bribe misappropriation, intermediation in bribery, taking of prohibited benefit or commercial bribing;
 - ii. fraud, misappropriation or laundering;
 - iii. evading payment of taxes and payments equivalent thereto;
 - iv. terrorism, financing of terrorism, invitation to terrorism, terrorism threats or recruiting and training of a person for performance of terror acts;

- (ii) who, by such a decision of a competent authority or a judgment of a court which has entered into effect and has become non-disputable and not subject to appeal, has been found guilty of an infringement of employment rights which means:
 - i. employment of such one or more citizens or nationals of countries, which are not citizens or nationals of the European Union Member States, if they reside in the territory of the European Union Member States illegally;
 - ii. employment of one person without entering into a written employment contract, not submitting an informative declaration regarding employees in respect of such person within a time period laid down in the laws and regulations, which is to be submitted regarding persons who commence work;
- (iii) who, by such a decision of a competent authority or a judgment of a court which has entered into effect and has become non-disputable and not subject to appeal, has been found guilty of infringement of competition rights manifested as a vertical agreement aimed at restricting the opportunity of a purchaser to determine the resale price, or horizontal cartel agreement, except for the case when the relevant authority, upon determining infringement of competition rights, has released the candidate or tenderer from a fine or reduced fine within the framework of the co-operation leniency programme;
- (iv) whose insolvency proceedings have been announced (except the case where a bailout or similar set of measures is applied within insolvency proceedings oriented towards prevention of possible bankruptcy and restoration of solvency of the debtor, in which case I shall evaluate the possibility of such service provider to participate in the tender), economic activity of such service provider has been suspended or discontinued, proceedings regarding bankruptcy of such service provider have been initiated or such service provider will be liquidated;
- (v) who has tax debts in the country where the procurement is organised or a country where such service provider is registered or permanently residing, including debts of State social insurance contributions, in total exceeding an amount which is common threshold in public procurements in the respective country.

Signature:

[insert name, surname and position]